

**ANTRIM COUNTY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003**

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INDEPENDENT AUDITOR'S REPORT

May 25, 2004

Board of Commissioners
Antrim County
Bellaire, Michigan 49615

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Antrim, Michigan management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of Meadow Brook Medical Care Facility, which represent 13.19 percent, 15.51 percent, and 38.54 percent, respectively of the assets, net assets, and revenues of Antrim County. Those financial statements were audited by other auditors whose report thereon has been furnished to me, and my opinion, insofar as it relates to the amounts included for Meadow Brook Medical Care Facility, is based on the report of the other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of other auditors provide a reasonable basis for our opinions.

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of December 31, 2003.

The management's discussion and analysis and budgetary comparison information on pages through are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it. Management of the Meadow Brook Medical Care Facility did not present management's discussion and analysis in their report, and their auditors indicated that the Governmental Accounting Standards Board determined the analysis is necessary to supplement, although not required to be a part of the basic financial statements, when issuing their report.

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Board of Commissioners
Antrim County
May 25, 2004

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Antrim, Michigan basic financial statements. The introductory section, and combining non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied by me and the other auditors in the audit of the basic financial statements and, in my opinion, based on my audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued my report dated May 25, 2004 on my consideration of Antrim County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ANTRIM COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Antrim County, we offer readers of the Antrim County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

The assets of Antrim County exceed its liabilities at the close of fiscal year, 2003 by \$32,151,273. Of this amount \$12,357,701 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- * At December 31, 2003, the County's governmental funds reported combined ending fund balances of \$4,962,682.
- * At December 31, 2003, unreserved fund balance for the General Fund was \$1,231,739 or 13% of General Fund expenditures.
- * Governmental funds revenues were \$ 12,603,245.
- * Total long-term debt in the Governmental Activities was -0- at December 31, 2003. The final payment on the jail renovation bonds was paid during 2003.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. The *government-wide financial statements* are designed to provide readers with a broad overview of the County finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in *net assets* may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods (e.g. accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, and recreation and culture. The business-type activities of the County include delinquent property tax collection, medical care facility, transportation, and hydroelectric utility.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate component unit for which the County is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 9-11 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FUND FINANCIAL STATEMENTS. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 72 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the general fund, considered to be the major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets for the County's major fund.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Proprietary Funds. The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its medical care facility, delinquent taxes, transportation and hydroelectric funds.

The basic proprietary fund financial statements can be found on pages 17-20 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 21 of this report.

NOTES TO THE FINANCIAL STATEMENTS. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-41 of this report.

OTHER INFORMATION. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statement. Combining statements and schedules can be found on pages of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$32,151,273 at the close of the most recent fiscal year. A large portion of the County's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At December 31, 2003 the County had no debt associated with its governmental fund capital assets.

Since this is the first year the County has prepared financial statements following GASB Statement No. 34, revenue and expense comparison to calendar year 2002 is not available. Comparisons will be shown in future periods.

ANTRIM COUNTY NET ASSETS

	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 14,039,100	\$ 10,264,145	\$24,303,245
Capital assets	<u>14,096,662</u>	<u>3,824,251</u>	<u>17,920,913</u>
Total Assets	<u>28,135,762</u>	<u>14,088,396</u>	<u>42,224,158</u>
Long-Term Liabilities	-	240,000	240,000
Other liabilities	<u>9,076,418</u>	<u>756,467</u>	<u>9,832,885</u>
Total Liabilities	<u>9,076,418</u>	<u>996,467</u>	<u>10,072,885</u>
Net Assets:			
Invested in Capital Assets			
Net of Debt	14,096,662	3,544,981	17,641,643
Restricted	1,474,836	667,093	2,151,929
Unrestricted	<u>3,487,846</u>	<u>8,869,855</u>	<u>12,357,701</u>
Total Net Assets	<u>\$ 19,059,344</u>	<u>\$ 13,091,929</u>	<u>\$ 32,151,273</u>

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets, net of related debt, is 55% of total net assets. An additional portion of the County's net assets (7%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets, net of related debt) are considered restricted or unrestricted. The unrestricted portion of the County's net assets is 38% of net assets. These net assets may be used to meet the government's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**ANTRIM COUNTY
CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue			
Program Revenue			
Charges for Services	\$ 3,149,869	\$ 8,921,116	\$ 12,070,985
Operating Grants and Contributions	1,651,751	386,613	2,038,364
Capital Grants	45,534	131,929	177,463
General Revenue			
Property Taxes	6,825,930	903,100	7,729,030
Other	930,161	100,663	1,030,824
Total Revenue	<u>12,603,245</u>	<u>10,443,421</u>	<u>23,046,666</u>
Expenses			
Legislative	123,752	-	123,752
Judicial	1,582,180	-	1,582,180
General Government	3,584,932	-	3,584,932
Public Safety	4,328,904	-	4,328,904
Public Works	3,604	-	3,604
Health and Welfare	2,523,205	-	2,523,205
Recreation and Culture	257,425	-	257,425
Interest on Debt	2,077	-	2,077
Delinquent Property Tax	-	228,100	228,100
Medical Care Facility	-	8,310,937	8,310,937
Other	-	900,723	900,723
Total Expenses	<u>12,406,079</u>	<u>9,439,760</u>	<u>21,845,839</u>
Increase in Net Assets Before Transfer	197,166	1,003,661	1,200,827
Transfer	<u>200,948</u>	<u>(200,948)</u>	<u>-</u>
Increase in Net Assets	398,114	802,713	1,200,827
Net Assets - Beginning of Year	<u>18,661,230</u>	<u>10,930,105</u>	<u>29,591,335</u>
Net Assets - End of Year	<u>\$ 19,059,344</u>	<u>\$ 11,732,818</u>	<u>\$ 30,792,162</u>

Governmental Activities

Governmental activities increased the County's net assets by \$398,114 accounting for 33% of the total growth in the County's net assets. The main reasons for the change in fund balances and the change in net assets are capital outlays in the current year which are expensed under the modified accrual method are carried as fixed assets under full accrual, and the final principal payments on debt that is expensed under the modified accrual method is booked as a reduction in long-term debt under full accrual.

Government activities include:

- * Legislative activities – Expenditures related to the Board of Commissioners and high-level administrative expenditures.
- * Judicial activities– Expenditures related to the administration of Circuit, District, and Probate/Family Courts and Court Probation units.
- * General government activities – Expenditures related to the support department of the County such as Administration, Equalization, Treasury, Airport, Facilities Management, Finance, and Other.
- * Public Safety – Expenditures related to the Sheriff's administration and road patrol and County corrections services.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- * Health and Welfare – Expenditures related to public health services, child care, medical examiner, programs for seniors, and housing assistance programs.
- * Parks and Recreation – Expenditures related to County parks.

Business-type activities

The business-type activities of the County include proprietary operations.

Business-type activities increased the County's net assets before transfers by \$802,713 or 67% of the growth in net assets. The increase in the business-type activities' net assets was generated through interest and penalties on delinquent property taxes and interest earned on deposits in the Delinquent Tax Revolving Fund. The Medical Care Facility also showed an increase in net assets as a result of a tax levy. The Transportation Fund showed a decrease in net assets for the year.

Business-type activities include:

- * Delinquent tax revolving fund – This fund was established as a means to provide the local governments within the County's jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes.
- * Medical Care Facility – This fund was established to provide funds for care and maintenance of the medical care facility.
- * Transportation Fund – This fund was established to provide funds for operation and maintenance of the transportation facilities.
- * Elk Rapids Hydroelectric Fund – This fund was established to provide funds for operation and maintenance of the hydroelectric facility.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unreserved fund balance represented 37% of annual government expenditures in 2003 in the governmental funds.

The General fund balance increased by \$261,521 from \$970,218 to \$1,169,182 during 2003 due to growth of general fund revenue by 1.69% while expenditures grew by 7.23%. Expenditure growth was highest in general government and judicial services. Unreserved fund balance of \$1,169,182 is available for spending at the County's discretion.

Proprietary funds. The County proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

<u>Proprietary Fund</u>	<u>2003 Unrestricted Net Assets.</u>
Enterprise Funds	
100% Tax Payment Fund	\$ 5,729,494
Medical Care Facility	\$ 2,615,143
Transportation Fund	\$ 331,038
Hydroelectric Fund	\$ 59,330

Other factors considering the finances of these funds have been addressed in the discussion of the County's business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

Amended budgetary expenditures differed from the originally adopted budget mainly for the following reasons:

Revenues:

State Revenue Sharing was decreased by	\$ 47,066
District Court costs were increased by	60,500
Abstract services were increased by	45,600
Register of Deeds services were increased by	138,800

Expenses:

District Court was increased by	50,000
Prosecutor Child Support IV was increased by	42,676
Fringes benefits were increased by	36,383
Public Safety was increased by	223,115

Capital Asset and Debt Administration

Capital Assets – A capital asset is an asset whose cost exceeds \$3,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.

The County currently has no debt except for general obligation revenue bonds in the hydroelectric fund. All governmental fund related debt is paid in full.

Economic Factors and Next Year's Budgets and Rates

The taxable value of commercial, residential, and personal property increase 6.4% from 2002 to 2003. This growth is expected to continue.

In a climate where other counties are seeing their revenues shrink, Antrim County has enjoyed slow but steady economic growth during the last two years, despite the broader economic climate. We attribute much of our county's growth to the increase in development of the recreational assets of the county such as parks, golf courses, and resorts. The County anticipates slow economic growth to continue throughout 2004.

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be referred to the Antrim County Clerk, P.O. Box 520, Bellaire MI 49615.

ANTRIM COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Road Commission
ASSETS				
Cash demand and time deposits	\$ 3,120,112	\$ 2,195,051	\$ 5,315,163	\$ 254,377
Investments	2,184,506	4,974,213	7,158,719	1,193,932
Receivables				
Accounts	80,578	680,255	760,833	67,482
Current tax	7,152,605	894,182	8,046,787	-
Delinquent tax	-	1,165,432	1,165,432	-
Interest and penalties	-	263,051	263,051	-
Other governments	131,928	-	131,928	684,409
Mortgages	1,369,371	-	1,369,371	-
Prepaid items and other assets	-	82,845	82,845	26,933
Inventory	-	9,116	9,116	462,733
Capital assets				
Land	7,487,872	5,541	7,493,413	-
Other capital assets, net of depreciation	6,608,790	3,818,710	10,427,500	4,951,418
TOTAL ASSETS	28,135,762	14,088,396	42,224,158	7,641,284
LIABILITIES				
Account payable	348,410	191,645	540,055	350,123
Accrued liabilities	138,586	466,556	605,142	13,034
Due to other governments	22,983	-	22,983	-
Advance from other governments	-	8,555	8,555	163,779
Deferred revenue	8,566,439	64,711	8,631,150	51,106
Noncurrent liabilities:				
Accrued compensated absences	-	-	-	193,073
Due within one year	-	25,000	25,000	185,000
Due in more than one year	-	240,000	240,000	810,000
TOTAL LIABILITIES	9,076,418	996,467	10,072,885	1,766,115
NET ASSETS				
Invested in capital assets, net of related debt	14,096,662	3,544,981	17,641,643	3,956,418
Restricted for:				
Debt Service	9,763	-	9,763	-
Capital Projects	422,150	-	422,150	-
Central Dispatch/911	788,103	-	788,103	-
Medical Care Restricted Donations	-	461,560	461,560	-
Register of Deeds Automation	64,816	-	64,816	-
Construction Code Enforcement	117,386	-	117,386	-
Other	72,618	215,533	288,151	-
County Roads	-	-	-	1,918,751
Unrestricted	3,487,846	8,869,855	12,357,701	-
TOTAL NET ASSETS	\$ 19,059,344	\$ 13,091,929	\$ 32,151,273	\$ 5,875,169

See Notes to Financial Statements

ANTRIM COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
Legislative	\$ 123,752	\$ -	\$ -	\$ -	\$ (123,752)
Judicial	1,582,180	406,826	324,502	-	(850,852)
General Government	3,584,932	1,230,591	157,914	-	(2,196,427)
Public Safety	4,328,904	1,115,463	256,519	-	(2,956,922)
Public Works	3,604	-	-	-	(3,604)
Health and Welfare	2,523,205	291,876	851,125	-	(1,380,204)
Recreation and Culture	257,425	105,113	61,691	45,534	(45,087)
Interest on Debt	2,077	-	-	-	(2,077)
Total Governmental Activities	12,406,079	3,149,869	1,651,751	45,534	(7,558,925)
Business-type Activities					
Delinquent Property Tax	228,100	756,629	-	-	528,529
Medical Care Facility	8,310,937	7,925,503	31,399	-	(354,035)
Other	900,723	238,984	355,214	131,929	(174,596)
Total Business-type Activities	9,439,760	8,921,116	386,613	131,929	(102)
Total Primary Government	\$ 21,845,839	\$ 12,070,985	\$ 2,038,364	\$ 177,463	\$ (7,559,027)
Component Unit					
Road Commission	\$ 3,324,774	\$ 710,766	\$ 3,767,309	\$ 961,270	\$ 2,114,571
Total Component Units	\$ 3,324,774	\$ 710,766	\$ 3,767,309	\$ 961,270	\$ 2,114,571

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
STATEMENT OF ACTIVITIES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Road Commission
Changes in net assets				
Net (expense) revenue	\$ (7,558,925)	\$ (102)	\$ (7,559,027)	\$ 2,114,571
General revenues:				
Property taxes	6,825,930	903,100	7,729,030	-
Convention tax	116,793	-	116,793	-
Cigarette tax	13,898	-	13,898	-
State shared revenue not restricted to specific programs	329,373	-	329,373	-
Unrestricted investment earnings	136,157	102,439	238,596	16,636
Rents	333,940		333,940	-
Sales of capital assets	-	(1,776)	(1,776)	28,000
Transfers - internal activities	200,948	(200,948)	-	-
Total general revenues, contributions and transfers	7,957,039	802,815	8,759,854	44,636
Change in net assets	\$ 398,114	\$ 802,713	\$ 1,200,827	\$ 2,159,207
Net assets, beginning of year	\$ 18,661,230	\$ 10,930,105	\$ 29,591,335	\$ 3,715,962
Net assets, end of year	\$ 19,059,344	\$ 11,732,818	\$ 30,792,162	\$ 5,875,169

See Notes to Financial Statements

ANTRIM COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	GENERAL FUND	OTHER FUNDS	TOTALS
ASSETS			
Cash	\$ 206,903	\$ 2,913,209	\$ 3,120,112
Investments	1,200,000	984,506	2,184,506
Receivables			
Taxes	6,659,487	493,118	7,152,605
Accounts	27,172	53,406	80,578
Mortgages	-	1,369,371	1,369,371
Due From Other Funds	11,000	-	11,000
Due From Other Governmental Units	76,103	55,825	131,928
TOTAL ASSETS	\$ 8,180,665	\$ 5,869,435	\$ 14,050,100
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 197,608	\$ 150,802	\$ 348,410
Accrued Liabilities	91,831	46,755	138,586
Due to Other Funds	-	11,000	11,000
Due to Other Governmental Units	-	22,983	22,983
Deferred Revenue	6,659,487	1,906,952	8,566,439
TOTAL LIABILITIES	6,948,926	2,138,492	9,087,418
FUND BALANCES			
Reserved	-	-	-
Unreserved	1,231,739	3,730,943	4,962,682
TOTAL FUND BALANCES	1,231,739	3,730,943	4,962,682
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,180,665	\$ 5,869,435	\$ 14,050,100

See Notes to Financial Statements

ANTRIM COUNTY
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
DECEMBER 31, 2003

Fund Balances - Total Governmental Funds	\$4,962,682
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Amounts reported for *governmental activities* in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Capital Assets - at Cost	20,165,489
Accumulated Depreciation	<u>(6,068,827)</u>

Net Assets of Governmental Activities	<u><u>\$19,059,344</u></u>
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See Notes to Financial Statements

ANTRIM COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL FUND	OTHER FUNDS	TOTALS
REVENUES			
Taxes	\$ 6,357,658	\$ 468,272	\$ 6,825,930
Licenses and Permits	151,580	448,502	600,082
Intergovernmental Revenue:			
Federal	35,839	523,112	558,951
State	958,866	391,973	1,350,839
Other Local Units	-	7,000	7,000
Charges for Services	1,326,521	948,625	2,275,146
Fines and Forfeits	10,370	2,500	12,870
Interest and Rents	265,803	197,422	463,225
Other Revenue	214,464	294,738	509,202
TOTAL REVENUES	9,321,101	3,282,144	12,603,245
EXPENDITURES			
Current			
Legislative	123,752	-	123,752
Judicial	1,524,607	24,216	1,548,823
General Government	3,070,495	296,083	3,366,578
Public Safety	2,809,113	1,397,536	4,206,649
Public Works	3,604	-	3,604
Health and Welfare	510,730	2,012,475	2,523,205
Recreation and Cultural	229,066	20,065	249,131
Capital Outlay	120,798	367,547	488,345
Debt Service:			
Principal	-	80,000	80,000
Interest and Other Charges	-	2,077	2,077
TOTAL EXPENDITURES	8,392,165	4,199,999	12,592,164
REVENUES OVER (UNDER) EXPENDITURES	928,936	(917,855)	11,081
OTHER FINANCING SOURCES (USES)			
Transfers In	356,886	1,012,539	1,369,425
Transfers (Out)	(1,024,301)	(144,176)	(1,168,477)
TOTAL OTHER FINANCING SOURCES (USES)	(667,415)	868,363	200,948
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	261,521	(49,492)	212,029
FUND BALANCES, BEGINNING OF YEAR	970,218	3,780,435	4,750,653
FUND BALANCES, END OF YEAR	\$ 1,231,739	\$ 3,730,943	\$ 4,962,682

See Notes to Financial Statements

ANTRIM COUNTY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2003

Net Change in Fund Balances - Total Governmental Funds	\$212,029
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add - Capital Outlay	488,345
Deduct - Depreciation Expense	(382,260)
Revenues in the statement of activities that do not provide current resources are not reported as fund revenues	
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Add - Principal Payments on Long-term Liabilities	<u>80,000</u>
	<u><u>\$398,114</u></u>

See Notes to Financial Statements

ANTRIM COUNTY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	ENTERPRISE FUNDS			
	100% TAX PAYMENT	MEDICAL CARE FACILITY	OTHER	TOTAL
ASSETS				
Current Assets				
Cash	\$ 16,544	\$ 1,832,188	\$ 346,319	\$ 2,195,051
Investments	4,500,000	309,203	165,010	4,974,213
Receivables:				
Accounts	-	648,606	31,649	680,255
Taxes	-	894,182	-	894,182
Delinquent Taxes	1,165,432	-	-	1,165,432
Interest and Penalties	263,051	-	-	263,051
Capital Assets - net	-	2,821,947	1,002,304	3,824,251
Inventories	-	-	9,116	9,116
Prepaid Expenses	-	71,700	11,145	82,845
TOTAL ASSETS	5,945,027	6,577,826	1,565,543	14,088,396
LIABILITIES				
Accounts Payable	-	156,601	35,044	191,645
Accrued Liabilities	-	457,864	8,692	466,556
Due to Other Governments	-	-	8,555	8,555
Bonds Payable	-	-	265,000	265,000
Deferred Revenue	-	64,711	-	64,711
TOTAL LIABILITIES, ALL CURRENT	-	679,176	317,291	996,467
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	-	2,821,947	723,034	3,544,981
Unrestricted net assets	5,729,494	2,615,143	525,218	8,869,855
Restricted net assets	215,533	461,560	-	677,093
TOTAL NET ASSETS	\$ 5,945,027	\$ 5,898,650	\$ 1,248,252	\$ 13,091,929

See Notes to Financial Statements

ANTRIM COUNTY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
DECEMBER 31, 2003

	ENTERPRISE FUNDS			
	100% TAX PAYMENT	MEDICAL CARE FACILITY	OTHER	TOTAL
OPERATING REVENUES				
Interest and Penalties on Taxes	\$ 457,475	\$ -	\$ -	\$ 457,475
Charges for Services	146,415	7,585,392	238,984	7,970,791
Sale of Properties at Tax Auction	152,739	-	-	152,739
Other Income	-	340,111	-	340,111
TOTAL OPERATING REVENUES	756,629	7,925,503	238,984	8,921,116
OPERATING EXPENSES				
Salary Expense	-	4,925,660	330,806	5,256,466
Fringe Benefit Expense	-	1,272,677	206,350	1,479,027
Other Expenses	228,100	1,758,251	172,312	2,158,663
Depreciation Expense	-	354,349	172,225	526,574
TOTAL OPERATING EXPENSES	228,100	8,310,937	881,693	9,420,730
OPERATING INCOME (LOSS)	528,529	(385,434)	(642,709)	(499,614)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned on Investments	69,646	25,164	7,629	102,439
Interest Expense	-	-	(19,030)	(19,030)
Tax Levy	-	903,100	-	903,100
Restricted Donations/Income	-	31,399	-	31,399
(Loss) on Sale of Assets	-	(1,776)	-	(1,776)
Federal Grants	-	-	183,178	183,178
State Grants	-	-	303,965	303,965
TOTAL NONOPERATING REVENUES (EXPENSES)	69,646	957,887	475,742	1,503,275
INCOME BEFORE OPERATING TRANSFERS	598,175	572,453	(166,967)	1,003,661
TRANSFERS				
Transfers from Other Funds	-	-	56,108	56,108
Transfers to Other Funds	(257,056)	-	-	(257,056)
TOTAL TRANSFERS	(257,056)	-	56,108	(200,948)
NET INCOME (LOSS)	341,119	572,453	(110,859)	802,713
NET ASSETS, BEGINNING OF YEAR	5,603,908	5,326,197	1,359,111	12,289,216
NET ASSETS, END OF YEAR	\$ 5,945,027	\$ 5,898,650	\$ 1,248,252	\$ 13,091,929

See Notes to Financial Statements

ANTRIM COUNTY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	ENTERPRISE FUNDS			
	100% TAX PAYMENT	MEDICAL CARE FACILITY	OTHER	TOTAL
Cash Flows from Operating Activities:				
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -
Cash received from customers	-	7,527,775	248,366	7,776,141
Cash received from Sale of Taxes at Auction	152,739	-	-	152,739
Cash payments for goods and services	(228,100)	(7,927,925)	(165,709)	(8,321,734)
Cash received from penalties and interest on delinquent taxes	575,736	-	-	575,736
Cash received from other sources	-	309,740	-	309,740
Cash payments to employees for services/fringe benefits	-	-	(538,046)	(538,046)
Cash received for delinquent taxes	3,399,028	-	-	3,399,028
Cash payments for delinquent taxes	(3,188,376)	-	-	(3,188,376)
Net Cash Provided (Used) by Operating Activities	711,027	(90,410)	(455,389)	165,228
Cash Flows from Non Capital Financing Activities:				
Transfers from (to) other funds	(257,056)	-	56,108	(200,948)
Proceeds from county tax levy	-	901,338	-	901,338
Contributions received	-	20,331	-	20,331
Operating grants received	-	-	401,069	401,069
Net Cash Provided (Used) by Non Capital Financing Activities	(257,056)	921,669	457,177	1,121,790
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	-	(408,854)	(134,637)	(543,491)
Capital acquisition grants - received in cash	-	-	131,929	131,929
Principal paid on bonds	-	-	(20,000)	(20,000)
Interest paid on bonds	-	-	(19,030)	(19,030)
Proceeds from sale of property and equipment	-	900	-	900
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(407,954)	(41,738)	(449,692)
Cash Flows from Investing Activities:				
Interest Received	69,646	36,232	7,629	113,507
Net Cash Provided by Investing Activities	69,646	36,232	7,629	113,507
Net Increase (Decrease) in Cash and Cash Equivalents	523,617	459,537	(32,321)	950,833
Cash and Cash Equivalents, Beginning of Year	3,992,927	1,372,651	543,650	5,909,228
Cash and Cash Equivalents, End of Year	\$ 4,516,544	\$ 1,832,188	\$ 511,329	\$ 6,860,061

See Notes to Financial Statements

ANTRIM COUNTY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	ENTERPRISE FUNDS			
	100% TAX PAYMENT	MEDICAL CARE FACILITY	OTHER	TOTAL
Operating Income (Loss)	\$ 528,529	\$ (385,434)	\$ (642,709)	\$ (499,614)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	-	354,349	172,225	526,574
Provision for bad debt	-	4,225	-	4,225
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	-	(61,842)	16,729	(45,113)
(Increase) Decrease in Delinquent Taxes Receivable	210,652	-	-	210,652
(Increase) Decrease in Interest and Penalties Receivable	(28,154)	-	-	(28,154)
(Increase) Decrease in Inventories	-	-	1,352	1,352
(Increase) Decrease in Prepaid Expenses	-	(15,698)	(915)	(16,613)
Increase (Decrease) in Accounts Payable	-	14,982	6,166	21,148
Increase (Decrease) in Accrued Liabilities	-	29,379	(890)	28,489
Deferred Revenues	-	(30,371)	-	(30,371)
Net Cash Provided (Used) by Operating Activities	\$ 711,027	\$ (90,410)	\$ (448,042)	\$ 172,575

See Notes to Financial Statements

ANTRIM COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2003

	<u>ASSETS</u>	
Cash		\$ 1,353,933
	<u>TOTAL ASSETS</u>	<u>\$ 1,353,933</u>
	<u>LIABILITIES</u>	
Due to Other Governmental Units		\$ 178,160
Undistributed Collections		1,085,661
Other Liabilities		90,112
	<u>TOTAL LIABILITIES</u>	<u>\$ 1,353,933</u>

See Notes to Financial Statements

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

DESCRIPTION OF COUNTY OPERATIONS AND FUND TYPES

The County was organized in 1863 and covers an area of approximately 475 square miles with the County seat located in Bellaire, Michigan. The County operates under an elected Board of Commissioners of nine (9) members and provides services, assistance and care to its more than 23,000 residents, primarily from the operations of its General Fund and Special Revenue Funds. The County's services, assistance and care includes the (1) general county departments, boards and commissions; (2) court system administration; (3) law enforcement and corrections; (4) assistance and/or institutional care to the aged, needy, wards of the court and neglected children, public and mental health recipients; (5) libraries, and (6) recreation.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

REPORTING ENTITY

The accompanying financial statements present the County (primary government) and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units, on the other hand are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" and the State of Michigan Department of Treasury established criteria for governmental organizations to be considered to be part of the County for financial reporting purposes. The criteria included oversight responsibility, fiscal dependency and whether the statements would be misleading if data were not included.

The financial statements of certain governmental organizations are not included in the financial statements of the County: (1) Education services which are provided to citizens through the several local school districts that are separate governmental entities.

DISCRETELY PRESENTED COMPONENT UNIT

The Antrim County Road Commission is considered a component unit of the County. Its financial statement is discretely presented in the County combined financial statements as required by accounting principles generally accepted in the United States of America revised under GASB 14. The road commission data is shown in the column entitled road commission and is discretely presented to emphasize that the road commission has its own board, appointed by the board of commissioners, and acts, under Michigan Statute as a separate board. Complete financial statements of the Road Commission Component Unit can be obtained directly from the Road Commission office at 319 East Lincoln St., Mancelona, Michigan 49659.

JOINTLY GOVERNED ORGANIZATIONS

The North Country Community Mental Health Authority consists of the counties of Otsego, Emmet, Charlevoix, Cheboygan, Antrim and Kalkaska. Financial records for this Authority are maintained by the mental health authority and are audited separately from any of the member counties. A copy of a financial statement and audit report would be available at the Authority office located at 1 MacDonald Drive, Suite A, Petoskey, Michigan 49770.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The funding formula for the Community Mental Health operations is in accordance with an agreement approved by all of the member counties and the local contribution was frozen, by statute, at the amount contributed in the previous year 2002. For 2003 Antrim County's local match was \$145,611. Their financial statements are not required, under GASB No. 14, to be included in the Antrim County report.

The 86th District Court is comprised of Antrim, Grand Traverse and Leelanau Counties. The court funding formula is based upon caseload. All of Antrim County's expenses for the operation of the court are recorded in the general fund under the District Court caption.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are charged based upon a countywide cost allocation plan, which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of the year for which they were levied, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental fund:

GENERAL FUND This fund is the County's the primary general operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County reports the following major enterprise funds:

MEADOW BROOK MEDICAL CARE FACILITY – This fund is a 113 bed long-term medical care facility.

DELINQUENT PROPERTY TAX FUND – This fund is used to pay each local governmental unit, including the County General Fund, the respective amount of taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Additionally, the County reports the following fund types:

SPECIAL REVENUE FUNDS - These funds are used to account for specific revenues derived primarily from sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

DEBT SERVICE FUNDS – account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Building Authority.

CAPITAL PROJECTS FUNDS - The Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by enterprise funds or special assessments.

AGENCY FUNDS – are used to account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidelines.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are interest and penalties on delinquent taxes and charges for services provided. The principal operating revenues of the County's internal service funds are charges to County departments for equipment amortization and insurance coverage. Operating expenses for the enterprise funds consist of administrative expenses. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

BUDGETS AND BUDGETARY ACCOUNTING

PRIMARY GOVERNMENT

A budget is adopted by the Board of Commissioners in accordance with Michigan Public Act 621 of 1978, The Uniform Budgeting and Accounting Act, for the general and special revenue funds. The Board amends the budget as necessary during the year. The budget is adopted on the modified accrual basis of accounting consistent with the actual financial statements for these funds. The budget is adopted at the activity level and control is exercised at the activity level for the General Fund and Special Revenue Funds. All budget appropriations lapse at the end of each fiscal year.

The County does not use encumbrances in its accounting system.

DISCRETE COMPONENT UNIT

Budgetary procedures are established pursuant to Michigan Public Act 621, PA 1978, as amended, (MCL 141.421) which requires the County Board of Road Commissioners to approve a budget for the County Road Fund. Pursuant to the Act, the Road Commission's chief financial officer prepares and submits a proposed operating budget to the Board of Road commissioners for its review and consideration. The budget is amended as necessary during the year, and is approved by the Board. The budget is prepared on the modified accrual basis of accounting, which is the same basis utilized for the fund financial statements.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

BANK DEPOSITS AND INVESTMENTS – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair market value.

RECEIVABLES AND PAYABLES – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

CURRENT PROPERTY TAX LEVY - The County property tax is levied as of December 1 on the state equalized valuation of property located in the County as of the preceding December 31 and attach an enforceable lien on the property. Although the County's 2003 property taxes are levied and collectable on December 1, 2003, it is the County's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of County operations. Current property taxes from the December 1 levy, which are received prior to December 31, are normally held in the County's Trust and Agency Fund. It is the County's policy, through its Internal Service 100% Tax Payment Fund, to purchase delinquent real property taxes and special assessments each year to afford 100% collection of the current levy.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The 2003 taxable value of Antrim County amounted to \$1,293,933,300 on which 5.1467 mills were levied for County operating purposes and .3811 mills for Commission on Aging operations and .69 mills for Medical Care Facility operations. In addition, specific taxes are levied under the Industrial Facilities Tax Act and Commercial Forest Reserve Act. The 2003 current tax levies of \$6,659,487 for County operations, \$493,118 for Commission on Aging operations, and \$ 894,182 for Meadow Brook Medical Care operations are recorded in the General Fund, the Commission on Aging Special Revenue Fund, and the Meadow Brook Medical Care Facility Enterprise Fund financial statements as taxes receivable with an offsetting credit to deferred revenue. The Medical Care Facility levy was recorded as revenue in that fund.

TAXES RECEIVABLE - DELINQUENT - The taxes receivable of \$1,165,432 which are recorded in the Enterprise 100% Tax Payment Fund, consist of the unpaid delinquent real property taxes which were purchased from all of the taxing units in Antrim County by the County's 100% Tax Payment Fund.

INVENTORIES AND PREPAID ITEMS ROAD COMMISSION (COMPONENT UNIT) - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statement.

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the activities column in the government-as assets with an initial individual cost of more then \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at est6imated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other Infrastructure	8 to 50 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

DEFERRED REVENUE - Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For new bond issuances after the implementation of GASB Statement No. 34, material bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt used is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY - In the fund financial statements, governmental and business-type funds report reservations of fund balance for amounts that are not legally restricted for use for a specific purpose.

Accounting Change - Effective January 1, 2003 the County implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No.34)*, along with all related statements and interpretations. Changes to the County's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD & A) section providing analysis of the County's overall financial position and results of operations has been included.

Basic financial statement (statement of net assets and statement of activities) prepared using full accrual accounting for the governmental funds has been provided.

Capital assets in the statement of net assets includes assets totaling \$14,096,662 not previously accounted for by the County in its governmental funds.

The statement would also include bonds and other long-term obligations reported in the General Long-Term Debt Account Group, however the final payment on the jail renovation bonds was paid in 2003 so there is no long-term debt at December 31, 2003.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS / FUND DEFICITS

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. The approved budgets of the County for all budgetary funds were adopted at the department (activity) levy.

PRIMARY GOVERNMENT

During the year ended December 31, 2003 expenditures were incurred in excess of the amounts appropriated in the amended budget of the general fund and special revenue fund types of the primary government as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General:			
Planning Commission	\$ 25,975	\$ 34,549	\$ (8,574)
Welfare	\$ 13,000	\$ 14,337	\$ (1,337)
Veterans Affairs	\$ 16,912	\$ 17,037	\$ (125)
Transfers Out:			
Road Patrol	\$ 400,000	\$ 404,927	\$ (4,927)
Building Authority	\$ 81,800	\$ 82,000	\$ (200)
Transportation	\$ 47,000	\$ 56,108	\$ (9,108)
Special Revenue:			
Housing 03 / 04 Grant	\$ 120,000	\$ 127,420	\$ (7,420)
Child Care	\$ 383,000	\$ 387,521	\$ (4,521)

In addition to the above budget overages, the Housing/Home Rehab Fund budgeted for a fund balance deficit, of \$33,400 which is a violation of Public Act 621 of 1978 as amended.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS / FUND DEFICITS (CONTINUED)

Fund Deficits - The County accumulated fund balance/retained earning deficits in the following individual fund.

Governmental: Special Revenue:
Services for Aged

\$ (37,542)

Public Act 275 of 1980 requires the County to file a deficit elimination plan within 90 days after December 31, 2003. The County has not filed the required plan, however, the deficits are expected to be eliminated in 2004 and an appropriate plan will be filed.

NOTE 3 - CASH AND INVESTMENTS

The captions on the accompanying balance sheet related to cash and investments are as follows:

	<u>Cash/Checking and Savings</u>	<u>Investments</u>	<u>Total</u>
Primary Government			
Government Activities	\$ 3,120,112	\$ 2,184,506	\$ 5,304,618
Business-type Activities	2,195,051	4,974,213	7,169,264
Agency Funds	1,353,933	-	1,353,933
Component Unit			
Road Commission	254,377	1,193,932	1,448,309
	<u>\$ 6,923,473</u>	<u>\$ 8,352,651</u>	<u>\$ 15,276,124</u>

Deposits - At year-end, the carrying amount of the County's deposits was \$6,915,891 and the bank balance of \$7,265,320 was classified as to risk as follows:

Insured	\$ 863,369
Uninsured - Uncollateralized	6,401,951
	<u>\$ 7,265,320</u>

Investments - Act 217, PA 1982, authorized the County to deposit and invest in the following:

- (a) bonds, securities and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings and accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be depository of surplus money belonging to the State and maintains a principal office or branch office in Michigan.
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- (d) United States government or Federal agency obligation repurchase agreements
- (e) bankers' acceptance of United States banks
- (f) mutual funds properly registered with the State of Michigan, composed of investments which are legal for direct investments by local units of government in Michigan.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The County's investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

	Category			Carrying Amount
	1	2	3	
Commercial Paper	\$ 966,679	-0-	-0-	\$ 966,679
U.S. Treasury Notes/Agency	811,323	-0-	-0-	811,323
Total Categorized Investments	<u>\$1,778,002</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	1,778,002

Investments held by:

Citizens Bank - Treasury Portfolio Class B	2,137,641
National City Bank - MM Sweep	1,064,000
MBIA Class Fund	1,170,916
Merrill Lynch Governmental Securities Fund	137,932
Standard Federal Public funds MMA/Govt Portfolio	<u>2,064,160</u>

Total Investments Per Report

\$ 8,352,651

The investments held by Citizens Bank, National City Bank, MBIA Class Fund, and Standard Federal Bank are the County's share of investment pools which are made up of U.S. Treasury, agencies, and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, and reverse repurchase agreements which are not in the name of the County, however they are considered mutual funds and not required to be categorized in accordance with GASB #3. Investments in U.S. Treasury Notes are held by Fifth Third Securities, Inc. and UBS Financial Services, Inc., and the Commercial Paper is held by Citigroup.

NOTE 4 - RECEIVABLES / DEFERRED REVENUE

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Non-Major And Other Funds	Total
Taxes Receivable	\$6,659,487	\$493,118	\$7,152,605
Accounts	27,172	53,406	80,578
Housing Fund Mortgages		1,369,371	1,369,371
Intergovernmental	<u>76,103</u>	<u>55,825</u>	<u>131,928</u>
Net Receivables	<u>\$6,762,762</u>	<u>\$1,971,720</u>	<u>\$8,734,482</u>

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 4 – RECEIVABLES / DEFERRED REVENUE (CONTINUED)

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Delinquent Property Taxes	\$7,152,605	\$0	\$7,152,605
Grant Drawdowns Prior to Meeting All Eligibility Requirements	0	44,463	44,463
Housing Fund Mortgages		1,369,371	1,369,371
Total	\$7,152,605	\$1,413,834	\$8,566,439

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03
Capital Assets not being Depreciated				
Land	\$7,487,872	\$0	\$0	\$7,487,872
Subtotal	7,487,872	0	0	7,487,872
Capital Assets Being Depreciated				
Buildings	7,785,357	434,974	0	8,220,331
Land Improvements	1,913,870	0	0	1,913,870
Machinery and Equipment	2,490,045	53,371	0	2,543,416
Subtotal	12,189,272	488,345	0	12,677,617
Less Accumulated Depreciation for				
Buildings	2,713,296	137,859	0	2,851,155
Land Improvements	1,522,847	54,321	0	1,577,168
Machinery and Equipment	1,450,424	190,080	0	1,640,504
Subtotal	5,686,567	382,260	0	6,068,827
Net Capital Assets Being Depreciated	6,502,705	106,085	0	6,608,790
Governmental Activities				
Capital Assets -- Net of Depreciation	\$13,990,577	\$106,085	\$0	\$14,096,662

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activity of the business-type activities for the current year was as follows:

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03
Capital Assets not being Depreciated				
Land	\$5,541	\$0	\$0	\$5,541
Subtotal	5,541	0	0	5,541
Capital Assets Being Depreciated				
Land Improvements	321,818	32,899	0	354,717
Building	4,506,961	171,175	0	4,678,136
Furniture, Fixtures and Equipment	2,214,024	211,269	8,447	2,416,846
Vehicles	1,103,851	128,148	0	1,231,999
Subtotal	8,146,654	543,491	8,447	8,681,698
Less Accumulated Depreciation for				
Land Improvements	92,136	20,310	0	112,446
Buildings	2,593,507	187,519	0	2,781,026
Furniture, Fixtures and Equipment	1,172,556	165,372	5,771	1,332,157
Vehicles	483,986	153,373	0	637,359
Subtotal	4,342,185	526,574	5,771	4,862,988
Net Capital Assets Being Depreciated	3,804,469	16,917	2,676	3,818,710
Net Business-Type Activities				
Capital Assets	\$3,810,010	\$16,917	\$2,676	\$3,824,251

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Judicial	\$ 33,358
General government	218,354
Public Safety	122,255
Recreation and Culture	8,295
Total Governmental Activities	\$ 382,262
Business-Type Activities	
Medical Care Facility	354,349
Other	172,225
Total Business-Type Activities	\$ 526,574

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 5 - CAPITAL ASSETS (CONTINUED)

DISCRETE COMPONENT UNIT – The following is a summary of changes in Capital Assets for the Road Commission.

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03
Capital Assets not being Depreciated				
Land	\$58,250	\$0	\$0	\$58,250
Construction in Progress	0	743,723	0	743,723
Subtotal	58,250	743,723	801,973	801,973
Capital Assets Being Depreciated				
Buildings	1,039,133	1,144,190	0	2,183,323
Equipment - Road	4,654,160	388,144	178,818	4,863,486
Equipment - Shop	112,209	0	0	112,209
Equipment - Office	111,304	8,818	15,805	104,317
Equipment - Engineering	49,425	1,611	4,613	46,423
Equipment - Yard & Storage	921,609	0	0	921,609
Infrastructure - Bridges	0	37,420	0	37,420
Infrastructure - Roads	0	1,299,838	0	1,299,838
Subtotal	6,887,840	2,880,021	199,236	9,568,625
Less Accumulated Depreciation for				
Buildings	502,550	27,602	0	530,152
Equipment - Road	3,842,782	346,661	178,818	4,010,625
Equipment - Shop	80,360	6,978	0	87,338
Equipment - Office	81,997	9,704	15,805	75,896
Equipment - Engineering	37,820	4,118	4,613	37,325
Equipment - Yard & Storage	575,455	65,810	0	641,265
Infrastructure - Bridges	0	748	0	748
Infrastructure - Roads	0	35,831	0	35,831
Subtotal	5,120,964	497,452	199,236	5,419,180
Net Capital Assets Being Depreciated	1,766,876	2,382,569	0	4,149,445
Net Component Unit				
Capital Assets	\$1,825,126	\$3,126,292	\$801,973	\$4,951,418

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Due To/From Other Funds		Other Non-Major Funds	
General	\$ 11,000		\$ 11,000
Total	\$ 11,000		\$ 11,000

Interfund Transfers

	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>	<u>Total</u>
Transfers In			
General Fund	\$ 356,886	\$ 1,024,301	\$ 667,415
Non-Major Governmental Funds	1,012,539	144,176	868,363
Total	\$1,369,425	\$ 1,168,477	\$ (200,948)

NOTE 7 - LONG-TERM DEBT

Following is a summary of pertinent information concerning the County's long-term debt:

Outstanding Debt Descriptions:

	<u>Total</u>	<u>Totals</u>
Elk Rapids Hydroelectric Revenue Bonds	265,000	265,000
Totals	\$ 265,000	\$ 265,000

Changes in Long-Term Debt

	<u>General Long Term Debt Account Group</u>		
	<u>Debt Payable</u>		
	<u>Bonds</u>	<u>Proprietary</u>	<u>Total</u>
January 1, 2003	\$ 80,000	\$ 285,000	\$ 365,000
Additions	-0-	-0-	-0-
Reductions	80,000	20,000	100,000
December 31, 2003	\$ -0-	\$ 265,000	\$ 265,000

GENERAL GOVERNMENT

Description - General government long-term debt consists of general obligation bonds of Building Authority Jail Improvement Bonds. The final payment was made during 2003.

PROPRIETARY - 100% TAX PAYMENT FUND

Description - Enterprise - 100% Tax Payment Fund general obligation tax notes are issued by the County to purchase delinquent taxes and special assessments except taxes on personal property, due and payable to the taxing units in the County. No borrowing occurred during 2003. The Tax Payment Fund self funded the tax payoff.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 7 - LONG-TERM DEBT (CONTINUED)

ENTERPRISE - ELK RAPIDS HYDROELECTRIC PLANT

Description - Enterprise - Elk Rapids Hydroelectric FmHA revenue bonds were issued to the County to provide for the rehabilitation and improvement of the Elk Rapids Hydroelectric Plant. The bonds are titled Electric Utility System Revenue Refinancing Bonds. The balance at December 31, 2003 was \$265,000.

Security - The revenue bonds are secured by Operating revenues provided for in a certain agreement between Antrim County, Michigan and the Traverse City Light and Power Board.

Interest Rate - 6.6 - 7.55% payable November 1 and May 1 of each year.

Annual Debt Service Requirements:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Other</u>	<u>Total</u>
Principal \$	20,000	\$ 25,000	\$ 30,000	\$ 25,000	\$ 25,000	\$ 140,000	\$ 265,000
Interest	<u>17,918</u>	<u>11,780</u>	<u>10,618</u>	<u>9,208</u>	<u>8,020</u>	<u>9,499</u>	<u>67,043</u>
Total	<u>\$ 37,918</u>	<u>\$ 36,780</u>	<u>\$ 40,618</u>	<u>\$ 34,208</u>	<u>\$ 33,020</u>	<u>\$ 149,499</u>	<u>\$ 332,043</u>

DISCRETE COMPONENT UNIT

The long-term debt of the Road Commission is summarized as follows:

	<u>Balance</u> <u>01/01/2003</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balance</u> <u>12/31/2003</u>
Bonds Payable	<u>\$ -0-</u>	<u>\$ 995,000</u>	<u>\$ 995,000</u>
Total	<u>\$ -0-</u>	<u>\$ 995,000</u>	<u>\$ 995,000</u>

The annual debt service requirements to maturity for bonds payable as of December 31, 2003, is summarized as follows:

The Michigan Transportation Fund Notes, Series 2003 were used for the purpose of renovation and reconstruction of the Mancelona garage.

Michigan Transportation Fund Notes, Series 2003

Date of Issue: July 1, 2003

Amount: \$ 995,000

<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal</u>	<u>Interest</u> <u>June 1</u>	<u>Interest</u> <u>December 1</u>	<u>Total</u>
1.50%	06/01/04	\$ 185,000	\$ 8,193	\$ 6,805	\$ 199,998
1.50%	06/01/05	\$ 195,000	\$ 6,805	\$ 5,342	\$ 207,147
1.50%	06/01/06	\$ 200,000	\$ 5,343	\$ 3,842	\$ 209,185
1.70%	06/01/07	\$ 205,000	\$ 3,843	\$ 2,100	\$ 210,943
2.00%	06/01/08	<u>\$ 210,000</u>	<u>\$ 2,100</u>	<u>\$ -0-</u>	<u>\$ 212,100</u>
		<u>\$ 995,000</u>	<u>\$ 26,284</u>	<u>\$ 18,089</u>	<u>\$ 1,039,373</u>

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 8 - PENSION PLANS

PRIMARY GOVERNMENT

Plan Description - Antrim County participates in a defined benefit retirement plan administered by the Municipal Employee's Retirement System (MERS). The plan covers substantially all full-time employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time County employees are eligible to participate in the system. Benefits vest after ten years of service. General County employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0 percent of the member's 5-year final average compensation. The system also provides death and disability benefits which are established by State Statute.

Participating County employees are not required to contribute to the system. The County is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 1997. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.5% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 1997 actuarial valuation to determine the annual employer contribution amounts. the entry age normal actuarial method was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/02)

<u>Actuarial Accrued Liability:</u>	
Retirees and beneficiaries currently receiving benefits	\$ 5,279,428
Terminated employees not yet receiving benefits	1,056,579
Current employees:	
Accumulated employee contributions	
including allocated investment income	590,286
Employer financed	10,084,753
Total Actuarial accrued liability	17,011,046
Net Assets Available for Benefits, at actuarial value	
(Market Value is \$10,732,301)	13,506,106
Unfunded (over funded) actuarial accrued liability	<u>\$ 3,504,940</u>

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 8 - PENSION PLANS (CONTINUED)

GASB 27 INFORMATION (as of 12/31/02)

Fiscal year beginning	January 1, 2004
Annual required contribution (ARC)	\$ 783,288
Amortization factor used	0.053632

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 1997 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost

<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2000	\$ 511,758	100%	\$ -0-
2001	461,947	100%	-0-
2002	529,177	100%	-0-

The County was required to contribute \$674,928 for the year ended December 31, 2003. Payments were based on contribution calculations made by MERS.

<u>Actuarial Valuation Date December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % Of Covered Payroll</u>
2000	\$11,584,111	\$13,715,652	\$ 2,131,541	84%	\$ 6,907,989	31%
2001	12,552,877	15,344,161	2,791,284	82%	7,637,321	37%
2002	13,506,106	17,011,046	3,504,940	79%	7,144,639	42%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997 and 2000 valuations. The funding method was changed to entry age normal for the 1993 valuation.

DISCRETE COMPONENT UNIT

Plan Description - Antrim County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employee's Retirement System (MERS). The plan covers substantially all full-time employees.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 8 - PENSION PLANS (CONTINUED)

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 447 N. Canal Road, Lansing, Michigan 48917. The most recent report for which actuarial data was available was for the fiscal year ended December 31, 2002.

All full time County Road union and administrative employees are eligible to participate in the system. Benefits vest after ten years of service. Union employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0 percent of the member's 5-year final average compensation per year of service. Administrative employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 3-year final average compensation per year of service. The system also provides death and disability benefits which are established by State Statute.

Participating County Road employees are not required to contribute to the system. The County Road is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2000. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2000 actuarial valuation to determine the annual employer contribution amounts. the entry age normal actuarial method was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/02)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 4,273,046
Terminated employees not yet receiving benefits	65,937
Current employees:	
Accumulated employee contributions	
including allocated investment income	307,894
Employer financed	<u>3,464,915</u>
Total Actuarial accrued liability	8,111,792
Net Assets Available for Benefits, at actuarial value	
(Market Value is 5,705,628)	<u>5,966,187</u>
Unfunded (over funded) actuarial accrued liability	<u>\$ 2,145,605</u>

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 8 - PENSION PLAN (CONTINUED)

GASB 27 INFORMATION (as of 12/31/02)

Fiscal year beginning	January 1, 2004
Annual required contribution (ARC)	\$ 232,764
Amortization factor used	0.053632

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2000 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost

<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2000	\$ 183,234	100%	-0-
2001	186,112	100%	-0-
2002	194,981	100%	-0-

The County Road Commission was required to contribute \$202,522 for the year ended December 31, 2003. Payments were based on contribution calculations made by MERS.

<u>Actuarial Valuation Date December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % Of Covered Payroll</u>
2000	5,709,451	6,696,837	987,386	85%	1,371,918	72.0%
2001	5,999,665	6,787,040	787,375	88%	1,313,027	60.0%
2002	5,966,187	8,111,792	2,145,605	74%	1,375,388	156.0%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997 and 2000 valuations. The funding method was changed to entry age normal for the 1993 valuation.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 9 - DEFERRED COMPENSATION PLAN

Antrim County and its component unit - Road Commission offer its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all county employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

In the past, the County was custodian of the assets in the plan and recorded the plan's activity in accordance with GASB requirements in the financial statements. In 1999 GASB Statement 32 was implemented and custodianship of the plan was transferred to an independent third party. Balances for deferred compensation are no longer reported in the financial statements.

NOTE 10 - POST EMPLOYMENT HEALTH CARE BENEFITS

PRIMARY GOVERNMENT - In addition to pension benefits described in note G the County employment agreement with Sheriff department employees provides for certain post employment health care coverage. For Sheriff Department employees retiring after 1/1/91 with a combined age and service of at least 70 \$125 per month will be paid by the County towards health care coverage. This benefit expires 10 years after retirement date. During 2003 four employees had retired who were eligible for these benefits. The cost of these benefits is recognized when paid. For 2003, those costs approximated \$6,000. No other general County employees are eligible for these benefits.

DISCRETE COMPONENT UNIT - The Road Commission provides post retirement health care benefits to all employees who retire from the Road Commission. Any employee retiring after 7/1/89, who has completed at least ten years of service and is eligible for retirement will have \$150 per month contributed towards the employee and spouse coverage. Effective for retirees retiring after July 1, 1999 the Commission contribution will be \$200 per month and effective July 1, 2002 \$250 per month. There were 22 employees receiving benefits with an approximate annual cost of \$43,250.

NOTE 11- RISK MANAGEMENT

PRIMARY GOVERNMENT - The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. Following is a summary of these self-insurance programs and risk management pool participation.

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA was established in January 1980, pursuant to laws of the State of Michigan which authorize local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the Authority is to provide cooperative and comprehensive risk financing and risk control services. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the general fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs. The County is a State pool member and has deductibles which differ for each type of coverage.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 11- RISK MANAGEMENT (CONTINUED)

Employee Benefits-Commercial Insurance Provider-Workers' Compensation

The County is a member of the Michigan Counties Workers' Compensation Fund. Full statutory coverage for worker's disability compensation and employers' liability is guaranteed by the fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611.

At December 31, 2003, there were no claims which exceeded insurance coverage. The County had no significant reduction in insurance coverage from previous years.

ANTRIM COUNTY TRANSPORTATION

This enterprise fund is covered under the County policies for all risk except that associated with the vehicle fleet. That risk is covered by membership in the Michigan Transit Pool which is an insurance pool established pursuant to the laws of the State of Michigan

MEADOW BROOK MEDICAL CARE FACILITY

The Facility is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Facility has purchased commercial insurance workers' compensation claims, and participates in the County's insurance plan with the Michigan Municipal Risk Management risk pool for claims relating to general and auto liability, including malpractice, auto physical damage and property loss claims.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts.

DISCRETE COMPONENT UNIT - Antrim County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan which authorize contracts between Municipal Corporations (inter-local agreements) to form group self-insurance pools.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverages, vehicle liability coverages, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Antrim County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, vehicle and equipment liability, bodily injury, property damage and personal injury liability. The Pool agreement provides that it shall be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance based upon limits determined by the Pool Board of Directors.

The Road Commission is also self-insured for worker's compensation as a member of the County Road Association Self Insurance Fund.

NOTE 12 - LITIGATION

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted claims and assessments. Although other actions have been brought, the County has not experienced any additional significant losses or costs. It is the County's opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

ANTRIM COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 13 – SEGMENT INFORMATION

The government issued revenue bonds to finance its hydroelectric project. The revenue bonds are secured by the operating revenues of the Elk Rapids Hydroelectric Fund provided for in a certain agreement between Antrim Count, Michigan and the Traverse City Light and Power board. The activity is recorded in a non-major enterprise fund. Condensed financial information follows:

Condensed Statement of Net Assets

Assets	
Current Assets	\$ 184,798
Capital Assets	279,270
Total Assets	<u>464,068</u>
Liabilities	
Current Liabilities (including current portion of long-term debt)	24,888
Non current Liabilities	<u>245,000</u>
Total Liabilities	<u>269,888</u>
Net Assets	
Invested in Capital Assets(net of related debt)	34,270
Restricted	134,850
Unrestricted	<u>25,060</u>
Total Net Assets	<u>\$ 194,180</u>

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

Charges for Services(pledged against bonds)	\$ 83,942
Depreciation Expense	(25,421)
Other Operating Expenses	<u>(23,518)</u>
Operating Income	35,003
Nonoperating Revenue (Expense)	
Investment Earnings	1,122
Interest Expense	<u>(19,030)</u>
Total Nonoperating Revenue/Expense	<u>(17,908)</u>
Changes in Net Assets	17,095
Beginning Net Assets	<u>177,085</u>
Ending Net Assets	<u>\$ 194,180</u>

Condensed Statement of Cash Flows

Net Cash Provided by (Used in)	
Operating Activities	\$ 49,942
Capital and Related Financing Activities	(39,030)
Investing Activities	<u>1,122</u>
Net Increase (Decrease)	12,034
Beginning Cash and Cash Equivalents	<u>56,776</u>
Ending Cash and Cash Equivalents	<u>\$ 168,810</u>

ANTRIM COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ 6,683,373	\$ 6,761,460	\$ 6,357,658	\$ (403,802)
Licenses and Permits	137,150	163,730	151,580	(12,150)
Intergovernmental Revenue:				
Federal	33,000	51,500	35,839	(15,661)
State	1,183,901	1,226,895	958,866	(268,029)
Charges for Services	1,122,560	1,438,685	1,326,521	(112,164)
Fines and Forfeits	10,000	10,400	10,370	(30)
Interest and Rents	380,000	475,900	265,803	(210,097)
Other Revenue	242,385	301,285	214,464	(86,821)
TOTAL REVENUES	9,792,369	10,429,855	9,321,101	(1,108,754)
EXPENDITURES				
Current				
Legislative	137,678	139,416	123,752	15,664
Judicial	1,595,151	1,706,383	1,524,607	181,776
General Government	3,495,394	3,572,719	3,070,495	502,224
Public Safety	2,756,912	2,980,027	2,809,113	170,914
Public Works	6,235	6,243	3,604	2,639
Health and Welfare	488,188	529,325	510,730	18,595
Recreation and Culture	242,646	246,912	229,066	17,846
Capital Outlay	142,800	131,505	120,798	10,707
TOTAL EXPENDITURES	8,865,004	9,312,530	8,392,165	920,365
REVENUES OVER (UNDER) EXPENDITURES	927,365	1,117,325	928,936	(188,389)
OTHER FINANCING SOURCES (USES)				
Transfers In	39,750	361,886	356,886	(5,000)
Transfers (Out)	(1,251,380)	(1,280,247)	(1,024,301)	255,946
TOTAL OTHER FINANCING SOURCES (USES)	(1,211,630)	(918,361)	(667,415)	250,946
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(284,265)	198,964	261,521	62,557
FUND BALANCES, BEGINNING OF YEAR	800,000	970,218	970,218	-
FUND BALANCES, END OF YEAR	\$ 515,735	\$ 1,169,182	\$ 1,231,739	\$ 62,557

See Notes to Financial Statements

ANTRIM COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER SOURCES--BY SOURCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNT		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		OVER (UNDER)
TAXES AND PENALTIES				
Current Property Taxes	\$ 6,620,373	\$ 6,665,473	\$ 6,319,411	\$ (346,062)
Other	63,000	95,987	38,247	(57,740)
TOTAL TAXES AND PENALTIES	6,683,373	6,761,460	6,357,658	(403,802)
LICENSES AND PERMITS				
Dog and Kennel Licenses	13,850	19,350	14,230	(5,120)
Gun Permits	3,000	3,000	1,874	(1,126)
Marriage Licenses	1,000	1,080	1,015	(65)
Park Camping Permits and Fees	89,300	107,300	105,113	(2,187)
Earthchange	30,000	33,000	29,348	(3,652)
TOTAL LICENSES AND PERMITS	137,150	163,730	151,580	(12,150)
FEDERAL GRANTS				
Emergency Services	13,000	19,500	12,784	(6,716)
Prosecuting Attorney Cooperative Reimbursement	20,000	32,000	23,055	(8,945)
TOTAL FEDERAL GRANTS	33,000	51,500	35,839	(15,661)
STATE GRANTS				
Probate Judges Salary	90,000	101,700	101,618	(82)
Salary Standardization	130,000	130,500	87,424	(43,076)
Court Equity Distribution	140,000	177,800	135,460	(42,340)
Food Stamp Fraud	500	500	338	(162)
Secondary Road Patrol/Marine	93,000	93,000	26,156	(66,844)
Township Liquor Licenses	8,000	8,900	8,818	(82)
MSU - Nutrition	4,000	4,800	-	(4,800)
State Revenue Sharing - General	453,601	406,545	329,373	(77,172)
Voters Registration	400	650	595	(55)
Juvenile Officer	30,000	30,000	27,317	(2,683)
Substance Abuse Testing	18,400	18,400	10,782	(7,618)
Prosecuting Attorney Cooperative Reimbursement	10,000	16,000	11,878	(4,122)
Cigarette Tax	12,028	13,928	13,898	(30)
MDOC Diverted Felons	-	19,600	19,545	(55)
Convention Facilities	111,972	116,872	116,793	(79)
Survey and Remonumentation	35,000	40,700	40,671	(29)
Victim's Rights	47,000	47,000	28,200	(18,800)
TOTAL STATE GRANTS	1,183,901	1,226,895	958,866	(268,029)

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER SOURCES--BY SOURCE
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNT		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		OVER (UNDER)
CHARGES FOR SERVICES				
Circuit/Family Court Costs	\$29,000	\$29,000	\$29,295	\$295
Circuit/Family Court Fees	24,850	36,675	31,900	(4,775)
District Court Costs	170,000	230,500	229,875	(625)
District Court Bond Fees	8,000	8,000	6,405	(1,595)
District Court Oversight Fees	7,000	12,000	636	(11,364)
District Court Civil Fees	9,000	21,400	24,335	2,935
District Court Ordinance Fees	45,000	47,700	47,620	(80)
Probate Court Services	13,000	13,300	8,998	(4,302)
Clerk - Certified Copies	8,000	8,000	7,732	(268)
Clerk - Passports	3,500	5,300	5,070	(230)
Clerk - Assumed Names	5,500	5,500	5,092	(408)
Clerk - Notary Fees	110	110	63	(47)
Clerk - Current Services	4,400	4,850	4,308	(542)
Child Care - Collection Fee	15,000	15,000	13,142	(1,858)
Abstract Services	55,000	100,600	98,185	(2,415)
Copying Services	12,100	12,650	9,866	(2,784)
Treasurer Services	1,150	1,150	2,367	1,217
Register of Deeds Services	263,250	376,050	357,280	(18,770)
Register Transfer Tax	168,000	194,000	185,308	(8,692)
Sheriff Services	58,650	65,650	54,120	(11,530)
Animal Control	2,900	5,450	4,719	(731)
Airport - Fuel Sales	150,000	167,700	157,065	(10,635)
Airport - Hangar Rent	25,900	28,600	24,380	(4,220)
Airport - Current Services	3,950	8,850	7,130	(1,720)
Jail - Drug Testing/Medical	38,500	38,500	11,630	(26,870)
Miscellaneous	800	2,150	-	(2,150)
TOTAL CHARGES FOR SERVICES	1,122,560	1,438,685	1,326,521	(112,164)
FINES & FORFEITURES				
District Bond Forfeit	10,000	10,400	10,370	(30)
TOTAL FINES AND FORFEITURES	10,000	10,400	10,370	(30)
INTEREST EARNED	105,000	80,000	63,920	(16,080)
RENTS	275,000	395,900	201,883	(194,017)
OTHER REVENUE				
Sale of Fixed Assets	1,000	2,400	2,369	(31)
Prisoner Board	58,000	58,000	32,029	(25,971)
Township and Village Computer	60,000	68,000	58,267	(9,733)
Miscellaneous Refunds and Reimbursements	108,385	142,885	92,681	(50,204)
Insurance	15,000	30,000	29,118	(882)
TOTAL OTHER REVENUE	242,385	301,285	214,464	(86,821)

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER SOURCES--BY SOURCE
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNT		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		OVER (UNDER)
TOTAL OTHER REVENUE	\$9,792,369	\$10,429,855	\$9,321,101	(\$1,108,754)
OTHER FINANCING SOURCES				
Operating Transfers In:				
Solid Waste	-	12,400	12,400	-
Capital Outlay Reserve	29,750	47,430	47,430	-
Grant Match	-	30,000	25,000	(5,000)
Tax Payment	-	257,056	257,056	-
Meadowview Senior Housing	5,000	15,000	15,000	-
Commission on Aging	5,000	-	-	-
TOTAL OTHER FINANCING SOURCES	39,750	361,886	356,886	(5,000)
TOTAL REVENUES AND OTHER SOURCES	\$ 9,832,119	\$ 10,791,741	\$ 9,677,987	\$ (1,113,754)

(Concluded)

See Notes to Financial Statements

ANTRIM COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNT		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		(OVER) UNDER
LEGISLATIVE				
Board of Commissioners	\$ 137,678	\$ 139,416	\$ 123,752	\$ 15,664
TOTAL LEGISLATIVE	137,678	139,416	123,752	15,664
JUDICIAL				
Circuit Court	336,682	356,682	295,189	61,493
Family Court	343,130	375,811	366,238	9,573
Circuit Court Probation	2,800	3,100	2,657	443
District Court	475,584	525,584	438,883	86,701
Friend of Court	65,385	65,385	65,385	-
Probate Court	301,841	306,534	292,216	14,318
Jury Commission	5,650	6,250	6,067	183
Insurance	64,079	67,037	57,972	9,065
TOTAL JUDICIAL	1,595,151	1,706,383	1,524,607	181,776
GENERAL GOVERNMENT				
Elections	7,150	6,850	6,326	524
Budget/Accounting Services	59,088	59,242	44,191	15,051
Clerk	164,086	178,181	168,839	9,342
Communications Department	170,550	170,550	130,338	40,212
Equalization	142,221	144,622	137,762	6,860
Prosecuting Attorney	294,482	304,413	261,768	42,645
Victims' Rights	47,912	48,900	45,572	3,328
Prosecuting Attorney Child Support IVD	-	42,676	28,904	13,772
Purchasing	39,100	39,198	29,991	9,207
Register of Deeds	130,164	131,648	122,474	9,174
Abstract	69,095	71,116	69,252	1,864
Survey and Remonumentation	26,000	43,000	38,741	4,259
Microfilm	12,050	14,250	14,228	22
Treasurer	167,086	168,672	151,907	16,765
MSU Extension	90,766	98,166	82,790	15,376
Computer Department	151,900	165,900	156,845	9,055
Building Authority	600	600	300	300
County Building and Grounds	274,277	265,433	237,330	28,103
'05 Courthouse	70,819	86,019	76,916	9,103
Grove Street Annex	11,350	11,350	10,315	1,035
Plat Board	250	250	-	250
Drain Commissioner	10,229	10,472	8,661	1,811
EDC	13,500	13,500	11,801	1,699
Airport	295,275	309,263	299,271	9,992
Insurance	99,571	104,167	90,081	14,086
Fringe Benefits	726,623	763,006	720,054	42,952
Services	311,884	208,749	19,805	188,944
Other	109,366	112,526	106,033	6,493
TOTAL GENERAL GOVERNMENT	3,495,394	3,572,719	3,070,495	502,224

See Notes to Financial Statements

ANTRIM COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNT		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		(OVER) UNDER
PUBLIC SAFETY				
Sheriff	\$ 1,133,408	\$ 1,205,185	\$ 1,147,324	\$ 57,861
Marine Safety	54,960	65,460	63,064	2,396
Sheriff Secondary Road Patrol	126,113	188,452	188,273	179
Jail	300,866	312,399	281,084	31,315
Planner/Coordinator	144,260	150,273	150,074	199
Planning Commission	25,975	25,975	34,549	(8,574)
Resource Recovery	28,470	40,870	31,700	9,170
Emergency Services	39,884	40,859	35,605	5,254
Gun Board	2,500	2,500	14	2,486
Animal Control	84,589	84,679	72,433	12,246
Insurance	93,510	97,827	84,598	13,229
Fringe Benefits	722,377	758,548	715,847	42,701
Other	-	7,000	4,548	2,452
TOTAL PUBLIC SAFETY	2,756,912	2,980,027	2,809,113	170,914
PUBLIC WORKS				
Board of Public Works	810	810	-	810
Dams	5,425	5,433	3,604	1,829
TOTAL PUBLIC WORKS	6,235	6,243	3,604	2,639
HEALTH AND WELFARE				
Health Department	417,371	431,371	425,052	6,319
Commission on Aging	-	-	-	-
Welfare	13,000	13,000	14,337	(1,337)
Veterans' Affairs	16,460	16,912	17,037	(125)
Housing	-	25,000	15,166	9,834
Insurance	22,001	23,016	19,904	3,112
Fringe Benefits	13,390	14,060	13,268	792
Other	5,966	5,966	5,966	-
TOTAL HEALTH AND WELFARE	488,188	529,325	510,730	18,595
RECREATION AND CULTURE				
Parks Commission	16,160	16,160	12,600	3,560
Parks	154,390	155,994	150,183	5,811
Elk Rapids Park	11,316	11,316	6,670	4,646
Insurance	7,897	8,261	7,144	1,117
Fringe Benefits	45,883	48,181	45,469	2,712
Other	7,000	7,000	7,000	-
TOTAL RECREATION AND CULTURE	242,646	246,912	229,066	17,846
CAPITAL OUTLAY	142,800	131,505	120,798	10,707
TOTAL EXPENDITURES	8,865,004	9,312,530	8,392,165	920,365

See Notes to Financial Statements

ANTRIM COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNT			VARIANCE WITH FINAL BUDGET (OVER) UNDER
	ORIGINAL	FINAL	ACTUAL	
OPERATING TRANSFERS				
GIS Implementation	\$ 10,200	\$ 10,200	\$ 10,200	\$ -
Grass River	10,500	13,675	13,675	-
Law Library	20,000	22,000	22,000	-
Road Patrol	380,000	400,000	404,927	(4,927)
Snowmobile Fund	6,880	6,880	6,880	-
Solid Waste Reserve	-	3,692	3,691	1
Child Care	450,000	450,000	200,000	250,000
Soldiers Relief	40,000	40,000	20,000	20,000
Building Authority	81,800	81,800	82,000	(200)
County Buildings and Structures	205,000	205,000	204,820	180
Transportation	47,000	47,000	56,108	(9,108)
TOTAL OPERATING TRANSFERS	1,251,380	1,280,247	1,024,301	255,946
 TOTAL EXPENDITURES AND OPERATING TRANSFERS	 10,116,384	 10,592,777	 9,416,466	 1,176,311

(Concluded)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	SOLID WASTE RESERVE FUND	VICTIMS' RIGHTS	CAPITAL OUTLAY RESERVE	DAMS RESERVE	GAS AND OIL ROYALTIES RESERVE FUND
ASSETS					
Cash	\$ 106,637	\$ 7,779	\$ 66,536	\$ 93,859	\$ 14,880
Investments	-	-	-	500,000	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Mortgages	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-
TOTAL ASSETS	106,637	7,779	66,536	593,859	14,880
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCE					
Reserved	-	7,779	-	-	-
Unreserved	106,637	-	66,536	593,859	14,880
TOTAL FUND BALANCES	106,637	7,779	66,536	593,859	14,880
TOTAL LIABILITIES AND FUND BALANCES	\$ 106,637	\$ 7,779	\$ 66,536	\$ 593,859	\$ 14,880

See Notes to Financial Statements

SPECIAL REVENUE FUNDS

<u>BARNES PARK GRANT RESERVE</u>	<u>GRANT MATCH RESERVE FUND</u>	<u>AIRPORT GRANT MATCH</u>	<u>AIRPORT SPECIAL PROJECTS FUND</u>	<u>FRIEND OF COURT FUND</u>	<u>PROSECUTING ATTORNEY LEGAL</u>	<u>BELLAIRE DAM FUND</u>
\$ 14,298	\$ 87,100	\$ 800	\$ 21,978	\$ -	\$ 3,914	\$ 38,363
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,298	87,100	800	21,978	-	3,914	38,363
<hr/>						
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,298	87,100	800	21,978	-	3,914	38,363
14,298	87,100	800	21,978	-	3,914	38,363
\$ 14,298	\$ 87,100	\$ 800	\$ 21,978	\$ -	\$ 3,914	\$ 38,363

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	GRASS RIVER FUND	ANIMAL CONTROL DONATIONS	FORESTRY FUND	JABARRA PROPERTY ACQUISITION	ANTRIM CREEK
ASSETS					
Cash	\$ 13,812	\$ 26,977	\$ 167,118	\$ -	\$ 54,857
Investments	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	25	-	-	-
Mortgages	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-
TOTAL ASSETS	13,812	27,002	167,118	-	54,857
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ -	\$ 3,095	\$ 1,927	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	10,000	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	10,000	3,095	1,927	-	-
FUND BALANCE					
Reserved	-	23,907	-	-	-
Unreserved	3,812	-	165,191	-	54,857
TOTAL FUND BALANCES	3,812	23,907	165,191	-	54,857
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,812	\$ 27,002	\$ 167,118	\$ -	\$ 54,857

See Notes to Financial Statements

SPECIAL REVENUE FUNDS													
BARNES PARK GRANT		ANTRIM TRAILS PROJECT		PUBLIC ACCESS BOOK FUND		GIS IMPLEMENTATION		LAND USE GRANT		MASTER PLAN GRANT		EDC REVOLVING FUND	
\$	703	\$	-	\$	1,001	\$	28,183	\$	2	\$	85	\$	2,491
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		17		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	703		-		1,001		28,200		2		85		2,491
\$	-	\$	-	\$	-	\$	93	\$	-	\$	-	\$	-
	-		-		-		-		-		-		-
	-		-		1,000		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		1,000		93		-		-		-
	-		-		-		-		-		-		-
	703		-		1		28,107		2		85		2,491
	703		-		1		28,107		2		85		2,491
\$	703	\$	-	\$	1,001	\$	28,200	\$	2	\$	85	\$	2,491

ANTRIM COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	CONSTRUCTIO N CODE ENFORCEMENT	ROAD PATROL	2002 EMS SUPP PLANNING GRANT	REGISTER OF DEEDS AUTOMATION FUND	BUDGET STABILIZATION
ASSETS					
Cash	\$ 128,692	\$ 14,897	\$ 13	\$ 65,984	\$ 372,884
Investments	-	-	-	-	176,506
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Mortgages	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-
TOTAL ASSETS	128,692	14,897	13	65,984	549,390
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 3,162	\$ -	\$ -	\$ 1,168	\$ -
Accrued Liabilities	8,144	11,628	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	11,306	11,628	-	1,168	-
FUND BALANCE					
Reserved	117,386	-	13	64,816	-
Unreserved	-	3,269	-	-	549,390
TOTAL FUND BALANCES	117,386	3,269	13	64,816	549,390
TOTAL LIABILITIES AND FUND BALANCES	\$ 128,692	\$ 14,897	\$ 13	\$ 65,984	\$ 549,390

See Notes to Financial Statements

SPECIAL REVENUE FUNDS

911 TRAINING	E-911 OPERATING	E-911 WIRELESS FUND	DRIVING INTOXICATED	K-9 FUND	JAIL INMATE PROCEEDS	LAW LIBRARY FUND
\$ 10,278	\$ 620,384	\$ 157,870	\$ 8	\$ 206	\$ 2,630	\$ 10,657
-	-	-	-	-	-	-
-	43,094	-	-	-	-	-
-	-	-	-	-	-	-
-	-	21,645	-	-	-	-
10,278	663,478	179,515	8	206	2,630	10,657
\$ -	\$ 706	\$ 41,070	\$ -	\$ 66	\$ 409	\$ 2,853
-	13,114	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	13,820	41,070	-	66	409	2,853
-	649,658	138,445	-	-	-	-
10,278	-	-	8	140	2,221	7,804
10,278	649,658	138,445	8	140	2,221	7,804
\$ 10,278	\$ 663,478	\$ 179,515	\$ 8	\$ 206	\$ 2,630	\$ 10,657

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	SHERIFF FINGERPRINT GRANT	EMERGENCY SERVICES GRANT 2002- 03	HOUSING PROJECT INCOME	HOUSING 03/04 CDBG GRANT	SNOWMOBILE GRANT
ASSETS					
Cash	\$ 436	\$ 45	\$ 40,343	\$ 54,463	\$ 6,934
Investments	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	-	155	-
Mortgages	-	-	1,068,525	90,595	-
Due From Other Funds	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-
TOTAL ASSETS	436	45	1,108,868	145,213	6,934
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 60	\$ 10,000	\$ 189
Accrued Liabilities	-	-	-	-	600
Due to Other Funds	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-
Deferred Revenue	-	-	1,068,525	135,058	-
TOTAL LIABILITIES	-	-	1,068,585	145,058	789
FUND BALANCE					
Reserved	436	45	40,283	155	-
Unreserved	-	-	-	-	6,145
TOTAL FUND BALANCES	436	45	40,283	155	6,145
TOTAL LIABILITIES AND FUND BALANCES	\$ 436	\$ 45	\$ 1,108,868	\$ 145,213	\$ 6,934

See Notes to Financial Statements

SPECIAL REVENUE FUNDS						
CLEAN LAKES GRANT FUND	HOUSING/ HOME 2000/2001	MICHIGAN JUSTICE TRAINING FUND	JUVENILE OFFICER GRANT	HOUSING 2000/2002 FUND	HOUSING - HOME REHAB	CHILD CARE
\$ 6,483	\$ -	\$ 2,890	\$ -	\$ -	\$ 5,632	\$ 75,380
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	210,251	10,095
-	-	-	-	-	-	-
6,483	-	2,890	-	-	-	33,346
					215,883	118,821
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,632	\$ 21,272
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	22,983
-	-	-	-	-	210,251	-
					215,883	44,255
6,483	-	2,890	-	-	-	-
6,483	-	2,890	-	-	-	74,566
					-	74,566
\$ 6,483	\$ -	\$ 2,890	\$ -	\$ -	\$ 215,883	\$ 118,821

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	SPECIAL REVENUE FUNDS				
	SOLDIERS RELIEF FUND	VETERAN'S TRUST FUND	SERVICES FOR AGED FUND	MEADOWVIEW SENIOR HOUSING FUND	SELF-INSURED RESERVE FUND
ASSETS					
Cash	\$ 3,038	\$ 467	\$ 16,878	\$ 99,684	\$ 27,897
Investments	-	-	-	-	300,000
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	493,118	-	-
Mortgages	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Governmental Units	-	-	834	-	-
TOTAL ASSETS	3,038	467	510,830	99,684	327,897
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 46,185	\$ 45	\$ -
Accrued Liabilities	-	-	9,069	4,200	-
Due to Other Funds	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-
Deferred Revenue	-	-	493,118	-	-
TOTAL LIABILITIES	-	-	548,372	4,245	-
FUND BALANCE					
Reserved	-	-	-	-	-
Unreserved	3,038	467	(37,542)	95,439	327,897
TOTAL FUND BALANCES	3,038	467	(37,542)	95,439	327,897
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,038	\$ 467	\$ 510,830	\$ 99,684	\$ 327,897

See Notes to Financial Statements

DEBT SERVICE FUNDS				CAPITAL PROJECTS FUNDS				
BUILDING AUTHORITY DEBT SERVICE FUND	BIRCH LAKE DEBT SERVICE FUND	05 COURTHOUSE DEBT SERVICE FUND	ELK RAPIDS FISH PARK CAPITAL PROJECT FUND	COUNTY BUILDINGS & STRUCTURES CAPITAL PROJECT FUND	JAIL ACQUISITION AND RENOVATION CAPITAL PROJECT FUND		TOTAL	
\$ -	\$ -	\$ 1,763	\$ 7,180	\$ 359,524	\$ 68,296	\$	2,913,209	
-	-	8,000	-	-	-		984,506	
-	-	-	-	-	-		493,118	
-	-	-	-	-	20		53,406	
-	-	-	-	-	-		1,369,371	
-	-	-	-	-	-		-	
					-		55,825	
-	-	9,763	7,180	359,524	68,316		5,869,435	
\$ -	\$ -	\$ -	\$ -	\$ 12,870	\$ -		150,802	
-	-	-	-	-	-		46,755	
-	-	-	-	-	-		11,000	
-	-	-	-	-	-		22,983	
-	-	-	-	-	-		-	
					-		1,906,952	
-	-	-	-	12,870	-		2,138,492	
							2,138,492	
-	-	9,763	7,180	346,654	68,316		1,474,836	
-	-	-	-	-	-		2,256,107	
-	-	9,763	7,180	346,654	68,316		3,730,943	
\$ -	\$ -	\$ 9,763	\$ 7,180	\$ 359,524	\$ 68,316	\$	5,869,435	

(Concluded)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	SOLID WASTE RESERVE FUND	VICTIMS' RIGHTS	CAPITAL OUTLAY RESERVE	DAMS RESERVE
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	404	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	1,990	139	1,738	10,512
	-	-	1,005	-
TOTAL REVENUES	1,990	543	2,743	10,512
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	336	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	336	-	-
REVENUES OVER (UNDER) EXPENDITURES	1,990	207	2,743	10,512
OTHER FINANCING SOURCES (USES)				
Transfers In	3,691	-	-	-
Transfers (Out)	(12,400)	-	(60,206)	-
TOTAL OTHER FINANCING SOURCES (USES)	(8,709)	-	(60,206)	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(6,719)	207	(57,463)	10,512
FUND BALANCES, BEGINNING OF YEAR	113,356	7,572	123,999	583,347
FUND BALANCES, END OF YEAR	\$ 106,637	\$ 7,779	\$ 66,536	\$ 593,859

See Notes to Financial Statements

SPECIAL REVENUE FUNDS						
ROYALTIES RESERVE FUND	BARNES PARK GRANT RESERVE	GRANT MATCH RESERVE FUND	AIRPORT GRANT MATCH	SPECIAL PROJECTS FUND	FRIEND OF COURT FUND	PROSECUTING ATTORNEY LEGAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,750	-
231	253	1,611	86	527	-	133
2,700	-	-	-	-	-	-
2,931	253	1,611	86	527	1,750	133
-	-	-	-	-	1,750	-
-	-	-	6,036	8,334	-	6,496
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6,036	8,334	1,750	6,496
2,931	253	1,611	(5,950)	(7,807)	-	(6,363)
-	-	3,569	-	-	-	-
-	-	(33,400)	-	-	-	-
-	-	(29,831)	-	-	-	-
2,931	253	(28,220)	(5,950)	(7,807)	-	(6,363)
11,949	14,045	115,320	6,750	29,785	-	10,277
\$ 14,880	\$ 14,298	\$ 87,100	\$ 800	\$ 21,978	\$ -	\$ 3,914

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	BELLAIRE DAM FUND	GRASS RIVER FUND	ANIMAL CONTROL DONATIONS	FORESTRY FUND
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	40
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	34,875	-	-
Other Local Units	-	7,000	-	-
Charges for Services	-	-	-	69,926
Fines and Forfeits	-	-	-	-
Interest and Rents	706	231	344	13,919
Other Revenue	-	-	33,082	-
TOTAL REVENUES	706	42,106	33,426	83,885
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	1,929	-	-	75,261
Public Safety	-	-	9,519	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	13,267	-	-
Debt service				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	1,929	13,267	9,519	75,261
REVENUES OVER (UNDER) EXPENDITURES	(1,223)	28,839	23,907	8,624
OTHER FINANCING SOURCES (USES)				
Transfers In	-	13,675	-	-
Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	13,675	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,223)	42,514	23,907	8,624
FUND BALANCES, BEGINNING OF YEAR	39,586	(38,702)	-	156,567
FUND BALANCES, END OF YEAR	\$ 38,363	\$ 3,812	\$ 23,907	\$ 165,191

See Notes to Financial Statements

SPECIAL REVENUE FUNDS						
JABARRA PROPERTY ACQUISITION	ANTRIM CREEK	BARNES PARK GRANT	ANTRIM TRAILS PROJECT	PUBLIC ACCESS BOOK FUND	GIS IMPLEMENTATION	LAND USE GRANT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	14,316	45,534	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,063	-
-	832	-	1	1	428	10
-	5,500	-	-	-	-	-
-	20,648	45,534	1	1	3,491	10
-	-	-	-	-	-	-
-	-	-	-	-	4,146	899
-	-	-	-	-	-	-
-	2,218	4,500	80	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,218	4,500	80	-	4,146	899
-	18,430	41,034	(79)	1	(655)	(889)
6,776	-	6,000	1,890	-	10,200	-
-	-	-	-	-	-	-
6,776	-	6,000	1,890	-	10,200	-
6,776	18,430	47,034	1,811	1	9,545	(889)
(6,776)	36,427	(46,331)	(1,811)	-	18,562	891
\$ -	\$ 54,857	\$ 703	\$ -	\$ 1	\$ 28,107	\$ 2

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	MASTER PLAN GRANT	EDC REVOLVING FUND	CONSTRUCTION CODE ENFORCEMENT	ROAD PATROL
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	448,462	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	5,911	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	45	888	722
Other Revenue	-	-	553	2,189
TOTAL REVENUES	5,911	45	449,903	2,911
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	11,235	-	-	-
Public Safety	-	-	360,414	410,224
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	11,235	-	360,414	410,224
REVENUES OVER (UNDER) EXPENDITURES	(5,324)	45	89,489	(407,313)
OTHER FINANCING SOURCES (USES)				
Transfers In	5,400	-	-	404,927
Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,400	-	-	404,927
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	76	45	89,489	(2,386)
FUND BALANCES, BEGINNING OF YEAR	9	2,446	27,897	5,655
FUND BALANCES, END OF YEAR	\$ 85	\$ 2,491	\$ 117,386	\$ 3,269

See Notes to Financial Statements

SPECIAL REVENUE FUNDS						
2002 EMS SUPP PLANNING GRANT	REGISTER OF DEEDS AUTOMATION FUND	BUDGET STABILIZATION	911 TRAINING	E-911 OPERATING	E-911 WIRELESS FUND	DRIVING INTOXICATED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
2,333	-	-	-	-	-	-
-	-	-	6,231	-	84,907	-
-	-	-	-	-	-	-
-	65,665	-	-	523,239	-	-
-	-	-	-	-	-	-
-	319	9,725	86	10,302	3,310	-
-	-	-	-	2,334	-	-
2,333	65,984	9,725	6,317	535,875	88,217	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,420	1,168	-	672	473,280	80,788	12
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	45,090	-
12,420	1,168	-	672	473,280	125,878	12
(10,087)	64,816	9,725	5,645	62,595	(37,661)	(12)
10,100	-	-	-	-	-	-
-	-	-	-	(1,890)	-	-
10,100	-	-	-	(1,890)	-	-
13	64,816	9,725	5,645	60,705	(37,661)	(12)
-	-	539,665	4,633	588,953	176,106	20
\$ 13	\$ 64,816	\$ 549,390	\$ 10,278	\$ 649,658	\$ 138,445	\$ 8

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	K-9 FUND	JAIL INMATE PROCEEDS	LAW LIBRARY FUND	SHERIFF FINGERPRINT GRANT
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	23,893
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	2,390	-	-
Fines and Forfeits	-	-	2,500	-
Interest and Rents	21	129	114	-
Other Revenue	-	-	-	4,000
TOTAL REVENUES	21	2,519	2,614	27,893
EXPENDITURES				
Current				
Judicial	-	-	22,466	-
General Government	-	-	-	-
Public Safety	1,340	4,444	-	4,667
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	5,686	-	31,190
TOTAL EXPENDITURES	1,340	10,130	22,466	35,857
REVENUES OVER (UNDER) EXPENDITURES	(1,319)	(7,611)	(19,852)	(7,964)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	22,000	8,400
Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	22,000	8,400
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,319)	(7,611)	2,148	436
FUND BALANCES, BEGINNING OF YEAR	1,459	9,832	5,656	-
FUND BALANCES, END OF YEAR	\$ 140	\$ 2,221	\$ 7,804	\$ 436

See Notes to Financial Statements

SPECIAL REVENUE FUNDS						
EMERGENCY SERVICES GRANT 2002-03	HOUSING PROJECT INCOME	HOUSING 03/04 CDBG GRANT	SNOWMOBILE GRANT	CLEAN LAKES GRANT FUND	HOUSING/ HOME 2000/2001	JUSTICE TRAINING FUND
\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
26,335	-	127,420	-	-	-	-
-	-	-	10,451	-	-	4,558
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,127	-	-	-	-	-
-	163,339	-	-	-	-	-
26,335	164,466	127,420	10,451	-	-	4,558
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,490	-	-	8,564	-	-	3,702
-	201,008	127,420	-	-	41	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6,715	-	-	-
27,490	201,008	127,420	15,279	-	41	3,702
(1,155)	(36,542)	-	(4,828)	-	(41)	856
1,200	500	155	6,880	-	-	-
-	(356)	-	-	-	-	-
1,200	144	155	6,880	-	-	-
45	(36,398)	155	2,052	-	(41)	856
-	76,681	-	4,093	6,483	41	2,034
\$ 45	\$ 40,283	\$ 155	\$ 6,145	\$ 6,483	\$ -	\$ 2,890

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	JUVENILE OFFICER GRANT	HOUSING 2000/2002 FUND	HOUSING - HOME REHAB	CHILD CARE FUND
REVENUES				
Taxes	\$ -	\$ -	-	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	246,988	-
State	-	-	-	119,477
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	-	43,397
TOTAL REVENUES	-	-	246,988	162,874
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	13,733	246,833	387,521
Recreation and Cultural	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	13,733	246,833	387,521
REVENUES OVER (UNDER) EXPENDITURES	-	(13,733)	155	(224,647)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	356	-	200,000
Transfers (Out)	(3,569)	-	(655)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,569)	356	(655)	200,000
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,569)	(13,377)	(500)	(24,647)
FUND BALANCES, BEGINNING OF YEAR	3,569	13,377	500	99,213
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ 74,566

See Notes to Financial Statements

SPECIAL REVENUE FUNDS				
SOLDIERS RELIEF FUND	VETERAN'S TRUST FUND	SERVICES FOR AGED FUND	SENIOR HOUSING FUND	SELF-INSURED RESERVE FUND
\$ -	\$ -	\$ 468,272	\$ -	\$ -
-	-	-	-	-
-	-	96,143	-	-
-	2,752	62,557	-	-
-	-	-	-	-
-	-	248,479	-	-
-	-	-	-	-
-	-	10,120	108,728	5,856
-	-	32,449	4,172	-
-	2,752	918,020	112,900	5,856
-	-	-	-	-
-	-	-	-	-
21,162	2,988	913,229	98,540	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,162	2,988	913,229	98,540	-
(21,162)	(236)	4,791	14,360	5,856
20,000	-	-	-	-
-	-	-	(15,000)	(16,700)
20,000	-	-	(15,000)	(16,700)
(1,162)	(236)	4,791	(640)	(10,844)
4,200	703	(42,333)	96,079	338,741
\$ 3,038	\$ 467	\$ (37,542)	\$ 95,439	\$ 327,897

(Continued)

See Notes to Financial Statements

ANTRIM COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	DEBT SERVICE FUNDS		
	BUILDING AUTHORITY DEBT SERVICE FUND	BIRCH LAKE DEBT SERVICE FUND	05 COURTHOUSE DEBT SERVICE FUND
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Federal	-	-	-
State	-	-	-
Other Local Units	-	-	-
Charges for Services	-	-	-
Fines and Forfeits	-	-	-
Interest and Rents	-	-	-
Other Revenue	-	-	56
TOTAL REVENUES	-	-	18
			74
EXPENDITURES			
Current			
Judicial	-	-	-
General Government	-	-	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Recreation and Cultural	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest and Other Charges	80,000	-	-
Capital Outlay	2,075	2	-
TOTAL EXPENDITURES	-	-	-
	82,075	2	-
REVENUES OVER (UNDER) EXPENDITURES	(82,075)	(2)	74
OTHER FINANCING SOURCES (USES)			
Transfers In	82,000	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	82,000	-	-
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(75)	(2)	74
FUND BALANCES, BEGINNING OF YEAR	75	2	9,689
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 9,763

See Notes to Financial Statements

CAPITAL PROJECTS FUNDS				
ELK RAPIDS FISH PARK CAPITAL PROJECT FUND	COUNTY BUILDINGS & STRUCTURES CAPITAL PROJECT FUND	JAIL ACQUISITION AND RENOVATION CAPITAL PROJECT FUND	TOTAL	
\$ -	\$ -	\$ -	\$	468,272
-	-	-	\$	448,502
-	-	-		523,112
-	-	-		391,973
-	-	-		7,000
-	-	34,113		948,625
-	-	-		2,500
-	11,185	997		197,422
-	-	-		294,738
-	11,185	35,110		3,282,144
-	-	-		24,216
-	180,243	-		296,083
-	-	-		1,397,536
-	-	-		2,012,475
-	-	-		20,065
-	-	-		80,000
-	-	-		2,077
-	278,866	-		367,547
-	459,109	-		4,199,999
-	(447,924)	35,110		(917,855)
-	204,820	-		1,012,539
-	-	-		(144,176)
-	204,820	-		868,363
-	(243,104)	35,110		(49,492)
7,180	589,758	33,206		3,780,435
\$ 7,180	\$ 346,654	\$ 68,316	\$	3,730,943

(Concluded)

See Notes to Financial Statements

ANTRIM COUNTY
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	ENTERPRISE FUNDS		
	TRANSPORTATION	ELK RAPIDS HYDROELECTRIC	TOTAL
ASSETS			
Current Assets			
Cash	\$ 342,519	\$ 3,800	\$ 346,319
Investments	-	165,010	165,010
Receivables:			
Accounts	15,661	15,988	31,649
Taxes	-	-	-
Interest and Penalties	-	-	-
Due From Other Funds	-	-	-
Capital Assets - net	723,034	279,270	1,002,304
Inventories	9,116	-	9,116
Prepaid Expenses	11,145	-	11,145
TOTAL ASSETS	1,101,475	464,068	1,565,543
LIABILITIES			
Accounts Payable	30,156	4,888	35,044
Accrued Wages	8,692	-	8,692
Due to Other Funds	-	-	-
Due to Other Governments	8,555	-	8,555
Bonds Payable	-	265,000	265,000
Deferred Revenue	-	-	-
TOTAL LIABILITIES, ALL CURRENT	47,403	269,888	317,291
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	723,034	-	723,034
Unrestricted net assets	331,038	59,330	390,368
Restricted net assets	-	134,850	134,850
TOTAL NET ASSETS	\$ 1,054,072	\$ 194,180	\$ 1,248,252

See Notes to Financial Statements

ANTRIM COUNTY
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
DECEMBER 31, 2003

	ENTERPRISE FUNDS		
	TRANSPORTATION	ELK RAPIDS HYDROELECTRIC	TOTAL
OPERATING REVENUES			
Interest and Penalties on Taxes	\$ -	\$ -	\$ -
Charges for Services	155,042	83,942	238,984
Sale of Properties at Tax Auction	-	-	-
Other Income	-	-	-
TOTAL OPERATING REVENUES	155,042	83,942	238,984
OPERATING EXPENSES			
Salary Expense	330,806	-	330,806
Fringe Benefit Expense	206,350	-	206,350
Other Expenses	148,794	23,518	172,312
Depreciation Expense	146,804	25,421	172,225
TOTAL OPERATING EXPENSES	832,754	48,939	881,693
OPERATING INCOME (LOSS)	(677,712)	35,003	(642,709)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned on Investments	6,507	1,122	7,629
Interest Expense	-	(19,030)	(19,030)
Tax Levy	-	-	-
Restricted Donations/Income	-	-	-
Federal Grants	183,178	-	183,178
State Grants	303,965	-	303,965
TOTAL NONOPERATING REVENUES (EXPENSES)	493,650	(17,908)	475,742
INCOME BEFORE OPERATING TRANSFERS	(184,062)	17,095	(166,967)
TRANSFERS			
Transfers from Other Funds	56,108	-	56,108
Transfers to Other Funds	-	-	-
TOTAL TRANSFERS	56,108	-	56,108
NET INCOME (LOSS)	(127,954)	17,095	(110,859)
NET ASSETS, BEGINNING OF YEAR	1,182,026	177,085	1,359,111
NET ASSETS, END OF YEAR	\$ 1,054,072	\$ 194,180	\$ 1,248,252

See Notes to Financial Statements

ANTRIM COUNTY
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	ENTERPRISE FUNDS		TOTAL
	TRANSPORTATION	ELK RAPIDS HYDROELECTRIC	
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ -	\$ -	\$ -
Cash received from customers	171,771	76,595	248,366
Cash payments for goods and services	(139,056)	(26,653)	(165,709)
Cash received from penalties and interest on delinquent taxes	-	-	-
Cash payments to employees for services/fringe benefits	(538,046)	-	(538,046)
Cash payments for delinquent tax rolls	-	-	-
Net Cash Provided (Used) by Operating Activities	(505,331)	49,942	(455,389)
Cash Flows from Non Capital Financing Activities:			
Transfers from (to) other funds	56,108	-	56,108
Proceeds from county tax levy	-	-	-
Operating grants received	401,069	-	401,069
Net Cash Provided (Used) by Non Capital Financing Activities	457,177	-	457,177
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(134,637)	-	(134,637)
Capital acquisition grants - received in cash	131,929	-	131,929
Principal paid on bonds	-	(20,000)	(20,000)
Interest paid on bonds	-	(19,030)	(19,030)
Proceeds from sale of property and equipment	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,708)	(39,030)	(41,738)
Cash Flows from Investing Activities:			
Interest Received	6,507	1,122	7,629
Net Cash Provided by Investing Activities	6,507	1,122	7,629
Net Increase (Decrease) in Cash and Cash Equivalents	(44,355)	12,034	(32,321)
Cash and Cash Equivalents, Beginning of Year	386,874	156,776	543,650
Cash and Cash Equivalents, End of Year	\$ 342,519	\$ 168,810	\$ 511,329

See Notes to Financial Statements

ANTRIM COUNTY
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2003

	ENTERPRISE FUNDS		
	TRANSPORTATION	ELK RAPIDS HYDROELECTRIC	TOTAL
Operating Income (Loss)	\$ (677,712)	\$ 35,003	\$ (642,709)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	146,804	25,421	172,225
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	16,729	-	16,729
(Increase) Decrease in Delinquent Taxes Receivable	-	-	-
(Increase) Decrease in Inventories	1,352	-	1,352
(Increase) Decrease in Prepaid Expenses	(915)	-	(915)
Increase (Decrease) in Accounts Payable	9,301	(3,135)	6,166
Increase (Decrease) in Accrued Liabilities	(890)	-	(890)
Deferred Revenues	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ (505,331)	\$ 57,289	\$ (448,042)

See Notes to Financial Statements



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 25, 2004

Board of Commissioners
Antrim County
Bellaire, Michigan 49615

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2003, which collectively comprise the County of Antrim, Michigan's basic financial statements and have issued my report thereon dated May 25, 2004. I did not audit the financial statements of the Meadow Brook Medical Care Facility, which represent 13.19 percent, 15.51 percent, and 38.54 percent, respectively of the assets, net assets, and revenues of Antrim County. Those financial statements were audited by other auditors whose report thereon has been furnished to me, and my opinion, insofar as it relates to the amounts included for Meadow Brook Medical Care Facility, is based on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Antrim County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Antrim County in a separate letter dated May 25, 2004.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Antrim County's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of Antrim County in a separate letter dated May 25, 2004.

Page 2
Board of Commissioners
Antrim County
May 25, 2004

This report is intended solely for the information and use of management, the Board of Commissioners, federal awarding agencies, pass-through entities, and Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.



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May 25, 2004

Antrim County Board of Commissioners
Antrim County
Bellaire, Michigan 49615

In planning and performing my audit of the financial statements of Antrim County, Michigan, for the year ended December 31, 2003, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I feel should be brought to your attention as follows:

BUDGETS

Budgetary Procedures

The Board of Commissioners properly adopted a budget for the General Fund and Special Revenue Funds for the year ended December 31, 2003 in accordance with Public Act 621 of 1978, The Uniform Budgeting and Accounting Act.

Specific sections of Public Act 621 of 1978 follow:

1. Section 18(1), as amended, provides that a County shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements the County's actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. As a result, for the year ended December 31, 2003 the County incurred functional expenditures in the General Fund and Special Revenue funds in excess of the amount appropriated as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General:			
Planning Commission	\$ 25,975	\$ 34,549	\$ (8,574)
Welfare	\$ 13,000	\$ 14,337	\$ (1,337)
Veterans Affairs	\$ 16,912	\$ 17,037	\$ (125)
Transfers Out:			
Road Patrol	\$ 400,000	\$ 404,927	\$ (4,927)
Building Authority	\$ 81,800	\$ 82,000	\$ (200)
Transportation	\$ 47,000	\$ 56,108	\$ (9,108)
Special Revenue:			
Housing 03 / 04 Grant	\$ 120,000	\$ 127,420	\$ (7,420)
Child Care	\$ 383,000	\$ 387,521	\$ (4,521)

In addition to the above budget overages, the Housing/Home Rehab Fund budgeted for a fund balance deficit of (\$33,400) which is a violation of Public Act 621 of 1978 as amended.

The County spends significant amounts for computer processing on an annual basis and at the present time the system operates effectively and your service center is responsive to the needs of your primary user departments.

However, it is my opinion, that in the near future, the County should perform an overall needs assessment and develop a long-term plan for technology requirements. Even today, your system does not permit real time use for your primary accounting records, such as your receipt journals, disbursement journals, and general ledger. Prior year, and even prior months data is not available without using hard copy. Most systems today allow instant access to your data including activity from prior accounting periods. Your needs assessment process should include all present and future users in order to best determine the direction Antrim County will take in this rapidly changing area. This is a repeat comment.

FIXED ASSETS

The county had their appraisal/inventory prepared and the data has been incorporated into the financial statement. For future periods, the following needs to be done annually:

1. Update the list as of December 31.
2. The additions for the year should reconcile to the capital outlay ledger accounts.
3. A system needs to be devised to require departments to inform the clerk's department of disposals of fixed assets, especially when the item is scrapped.

I also feel your capitalization amount which was set at \$5,000 is probably too high. For future periods I would suggest \$2,500 might be more appropriate for a government the size of Antrim County.

HOUSING DEPARTMENT

During 2003 certain housing expenses were disbursed out of fund #275, project income. In addition, other expenses were paid from the general fund. While both of those funds have revenue sources which can be used for housing expenses, in order to properly track total expenses for the housing department I suggest that fund #275 and the general fund transfer to the appropriate housing fund and all expenditures be incurred in those funds. This would make it much easier to track the costs associated with the housing programs.

The mortgages created in the housing fund as a result of the program requirements are now a substantial asset. Better controls need to be established over the set up of new loans, and the collection of the payments. The mortgages should be identified by the project which created the loan, and schedules should be available showing new loans for the year, and principal repayments for the year on old loans. This should all reconcile from beginning of the year detail to end of the year detail.

ROAD COMMISSION

Four budgetary line items were overspent in violation of PA 621. In total the actual expenditures did not exceed the budgeted amount.

During the audit I noted several payroll related problems which occurred primarily due to the conversion of your accounting system to a windows based system. W-2s were not printed for several employees and a year-end summary report was not available on the system. This was corrected before I left. I also had more difficulty auditing the activity using the new system because the printing of various reports we have used in prior years was not available on the new system. Hopefully these things are worked on during 2004 by your software supplier.

There is not adequate segregation of duties in the accounting area. The individual who posts all journals and the general ledger also prepares checks and related disbursements journals, and also initiates all journal entries.

I recognize that with only two full time individuals working in the accounting area adequate segregation of duties is not only difficult but for all practical purposes impossible. The Board must recognize that all internal controls must be evaluated for cost effectiveness and at this point little can be done to increase the control without a considerable cost increase. The controls, which could be added, would have to be compared with the costs required to obtain those controls. By assigning the bank reconciliation procedures to another employee, considerable strengthening of internal accounting control has already occurred.

GASB #34 IMPLEMENTATION

In June of 1999 the Governmental Accounting Standards Board issued their Statement #34 which established new financial reporting requirements for all governments including local governments like Antrim County. GASB feels the new formats will be more comprehensive, easier to use and easier to understand. The implementation date was staggered based upon combined revenues of the local unit of government. The State has also issued a new chart of accounts which, when implemented will assist in the GASB #34 conversion. Antrim County's date was January 1, 2003. The statement for 2003, which accompanies this letter, uses the new required format.

I would like to express my appreciation, as well as that of my staff, for the excellent cooperation received while performing the audit. If I can be of any assistance in implementing the above recommendations, please contact me.

This report is intended solely for the use of management, the Board of Commissioners, the Michigan Department of Treasury, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



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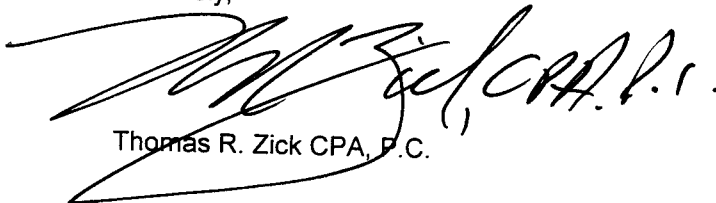
May 25, 2004

Antrim County Board of Commissioners
Antrim County
Bellaire, MI 49615

In planning and performing my audit of the financial statements of Antrim County for the year ended December 31, 2003, I considered the County's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. The consideration I gave to the internal control structure was not sufficient for me to provide any form of assurance on it. However, in reviewing the County's processes and systems, I made observations I feel should be communicated to you and I have done so in a separate letter dated May 25, 2004. In addition I have summarized other areas for Board consideration involving internal controls and fraud considerations.

If you have any questions on the information contained in this letter please contact me.

Sincerely,



Thomas R. Zick CPA, P.C.

Enclosure

Internal Controls

Over a relatively short period of time, there have been several large fraud related cases documented in the mid-Michigan area, as well as in other areas of Michigan and throughout the country. These highly publicized cases have raised significant concerns for management of many organizations, as well as the board members of these not-for-profit organizations and governmental organizations, concerning their organization's vulnerability to internal or external fraud related activities. It is strongly believed that all organizations, both small and large, have some level of risk in this area and even having the "best practices" in place will not necessarily prevent the occurrence of this unfortunate activity.

Through many recent conversations with my clients regarding their susceptibility to fraud, it was noted the most important element necessary to reduce the risk of fraud is to have a sound organizational structure, which includes sound accounting and internal control policies and procedures (IN THE EYES OF THEIR EMPLOYEES). One of the key aspects of strong controls, and thus a deterrent, is senior management's support and involvement with accounting and internal control monitoring and related decisions.

Some of the key areas to focus on include, but are not limited to, the following:

- Cash receipts handling and posting to general ledgers including the initial posting of cash receipts and delinquent tax receipts.
- Posting of adjusting journal entries to the ledger
- Cash disbursements, including the establishment of vendor master files in the computer system and maintenance and controls surrounding the signature of cash disbursement checks.
- Payroll, including the access to all master files detailing wage rates and other information, and the establishment of new employees in the computer system.
- Proper approval procedures for all disbursements including a good checks and balances system i.e.: no one person responsible for this function.

Fraud Considerations

Statement on Auditing Standards No. 99 (SAS 99), consideration of Fraud in a Financial Statement Audit

Effective for the year ended December 31, 2003, Statement on Auditing Standards No. 99 (SAS 99), *Consideration of Fraud in a Financial Statement Audit*, requires additional audit procedures addressing the risk of fraud in an organization. Our responsibility is not to detect fraud, but to detect material misstatements in the financial statements caused by fraud, and our consideration of fraud is integrated into the overall audit process.

Types of fraud include intentional misstatements or omissions in financial reporting and misappropriation of assets. SAS 99 requires auditors to address:

- How and where the client's financial statements might be susceptible to material misstatement due to fraud and what conditions might be present to allow fraud to occur.
- How management could perpetrate and conceal fraud.
- How management or employees could misappropriate assets of the client.

In addition, SAS 99 requires auditors to make inquiry of:

- Management regarding their awareness and understanding of fraud, fraud risks, and steps taken to mitigate risks.
- Others within the entity, including board members, non-financial executives, administrators, and non-management personnel not directly involved in the financial reporting process, regarding the existence or suspicion of fraud and the individual's views about the risks of fraud within the entity.

Risk areas identified through inquiries and based on industry knowledge will significantly affect the audit process. With your help, the implementation of these new standards will certainly lead to a greater comfort in the controls you have designed and implemented. It may even create greater efficiency in the accounting process as a byproduct of the process.

Creating a Culture of Honesty and High Ethics

It is the county's responsibility to establish core values and to effectively communicate the values to employees in order to create a culture with high ethical standards. The AICPA has included the following as key components necessary for the creation of such a culture.

Setting the Tone at the Top

Management, through the modeling of high ethics themselves and effectively communicating expectations to employees, is responsible for leading the effort to create the appropriate culture within a county.

Creating a Positive Workplace Environment

The creation of a positive workplace environment, where employees feel they are treated fairly, has proven to reduce the risk of fraud. This type of environment could be created as follows:

- Allowing employees to provide input related to the code of conduct
- Enabling employees to internally seek advice concerning decisions that appear to have ethical implications
- Establishment of a fair reward system
- Implementation of team-focused decision making policies

Hiring and Promoting Appropriate Employees

Policies must be effective in reducing the chances of hiring and promoting individuals with low ethical standards.

Training

Core values expressing an attitude of intolerance toward unethical behavior should be communicated immediately to new hires and should be re-communicated periodically to all employees.

Confirmation

Reinforcement of core values occurs if the employees are required to sign a code of conduct statement.

Discipline

Consequences of unethical behavior should be communicated upfront, and management response to unethical behavior should be consistent with the consequences communicated. Management's response demonstrates the level of commitment to the ethical standards and could deter future wrongdoing.

Evaluating Antifraud Processes and Controls

Perceived opportunity to successfully commit fraud increases the risk that fraud will occur. The following can help in reducing the opportunity for fraud:

Identifying and Measuring Fraud Risks

The County's vulnerability to fraudulent activity (including fraudulent financial reporting, misappropriation of assets, bribery and other illegal acts) should be assessed.

Implementing and Monitoring Appropriate Internal Controls

Internal processes can be modified to reduce fraud risk. Examples of such process modifications are as follows:

- Additional review of the procurement process
- Segregation of duties
- Adequate scrutiny of interim financial reports and budget reports by management

Developing an Appropriate Oversight Process

Whether it is external or internal oversight, appropriate oversight should be identified and established.

Board of Commissioners

The Board of Commissioners is ultimately responsible for ensuring management is doing an effective job of monitoring fraud risk and implementing procedures to mitigate fraud risk. Therefore, the Board of Commissioners should be evaluating management's assessments and controls. Also, the Board of commissioners should assess management's ability to override controls and to establish controls to minimize this risk.

Independent Auditors

Independent auditors can provide an assessment of the County's process for identifying, assessing and responding to the risk of fraud.

Certified Fraud Examiners

Certified Fraud Examiners can provide additional insight into the risk assessment.

Other Information

The following Web sites provide additional guidance on fraud and the implementation of anti-fraud programs and controls:

American Institute of Certified Public Accountants	www.aicpa.org
Association of Certified Fraud Examiners	www.cfenet.com
Financial Executives International	www.fei.org
Information Systems Audit and Control Association	www.isaca.org
The Institute of Internal Auditors	www.theiia.org
Institute of Management Accountants	www.imanet.org
National Association of Corporate Directors	www.nacdonline.org
Society for Human Resource Management	www.shrm.org

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Antrim County	County Antrim
Audit Date 12/31/03	Opinion Date 5/25/04	Date Accountant Report Submitted to State: 6/29/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan, as amended, issued by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).		X	

Certified Public Accountant (Firm Name) Thomas R. Zick, CPA, P.C.			
Street Address P.O. Box 149	City Lewiston	State MI	ZIP 49756
Accountant Signature 